Arms control: Soviet

Monday September 30 1985

EUROPE'S BUSINESS NEWSPAPER

D 8523 B

World news

Brixton rioters leave trail for fares of damage flexibility

of Brixion left a trail of injury, damage and looted shops.

At least 53 people – including 10 policemen - were hurt during the policemen - were hurt during the night of clashes, sparked by the accidental shooting by police of the mother of a man wanted for questioning in connection with an armed robbery.

Four buildings were damaged, including two which were completely gutted by fire, and police reported more than 130 major crimes at the time, of which 58 were burglaries. Police have set in motion an in-quiry into the shooting. Page 18

S. Africa deaths

Seven blacks died in a weekend of township violence in Johannesburg. South Africa, as conflicting predictions circulated on whether President P. W. Botha would outline major apartheid reforms in a speech

Airport reopens

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Beirut airport has reopened, 24 hours after shells crashed into the main terminal building during Moslem-Christian fighting

Separatist victory

Melanesian separatists won control in elections of three out of four regions of the French territory of New

New President

Bric Arbiro del Valle was sworn in as President of Panama as Nicolas Ardito Barletta resigned less than a year into his term. Page 3

Paris protest

Several hundred people demonstrated in Paris calling on Moscow to allow Jews to emigrate. Soviet leader Mikhail Gorbachev is due to visit the city on Tuesday.

Missile denial North Korea has denied a Japane news report that the Soviet Union

was shipping missiles to Iran via North Korea and Syria. 5,000 protest About 5.000 demonstrators clashed

with police, smashed store windows and looted last night in Frankfurt after a demonstration on Saturday against a Neo-Nazi party meeting in which a protester was killed by a water cannon truck and 22 police

Sikh clashes

One person died in clashes between moderate Sikhs and supporters of the widow of one of Indira Gaudhi's alleged assassins as the new Sikh government of Punjab State was

Mugabe on merger

Zimbabwe's Prime Minister Robert Mugabe said a successful merger between his ruling party and the main opposition party of Joshua Nkomo would not affect his government's socialist programmes.

Coup arrests

More than 160 people have been arrested in Sudan in connection with an abortive coup attempt by south-ern Sudanese in Khartoum last week. Page 2

Death sentence

A man who made mascara from chimney soot which harmed women's eyes has been sentenced to death by firing squad in the northern Cancesus region of the Soviet

Haughey rescued Former Irish prime minister Charles Haughey was rescued from a life raft off the southern tip of Ireland after his yacht sank. He was

Crosseord 30
Currencies 34
Editorial comment 16

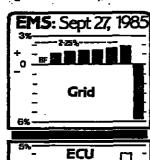
Business summary

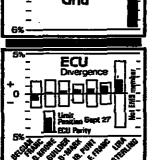
BA in 'lone push'

BRITISH Airways intends to act. alone in seeking more liberal regulations covering fares and services on European routes. The move is seen as a breach in the previously united European airline industry. The split emerged after a meeting of the Association of European Airlines in Brussels on Friday

pean air transport. Page 18 TOKYO: Share prices closed higher on Saturday with domestic-orientated stocks reversing earlier de-clines. The Nikkei-Dow market average rose 54.30 to 12,593.01.

which was called to liberalise Euro





EUROPEAN Monetary System: The Belgian franc lost ground within the EMS last week and the Belgian central bank intervened in currency markets to lend support. Pressure on the franc developed as the D-Mark rose sharply against the dol-lar, following the five-nation agreement to reduce the value of the doliar. The strength of the D-Mark depressed other EMS currencies as well, as traders bought the German currency in preference to others. Although weaker, the Belgian franc remained comfortably within its divergence itmit.

The chart shows the two constraints on European Monetary System ex-change rates. The upper grid, based on the weakest currency in the sys-tem, defines the cross rates from which no currency (except the lira)
may move more than 2% per cent.
The lower chart gives each currency's divergence from its central rate" against the European Currency Unit (ECU), itself a basket of Eu-

U.S. TRADE representative Clayton Yeutter is preparing to begin con-sultations with key committees in the U.S. Congress and American business interests on proposed lib-eralised trade talks between Washington and Canada. Page 4

MALAYSIA'S biggest ever stock market launch starts today with the issue of 30 per cent of Malaysian Airline System's capital which will raise 188m ringgit (\$77m). Page 19 ITALIAN Government authorised

the opening of a Eurolira bond market, clearing the way for the issue of lira-denominated foreign bonds. WORLD semiconductor industry

will make a dramatic recovery next year, according to the Semice tor Industry Association, which predicts sales growth of 18 per cent. Page 4

GOULD, U.S. electronics group which has suffered heavy losses on its semiconductor operations, red to comment on reports that it was having talks on a possible take-over by Siemens, the West German electrical giant.

GULF CANADA offered to acquire the 16 per cent of Abitibi-Price, the Toronto-based newsprint and forest products group, which it does not already control for CS95m (\$69.8m).

ATLANTIC Richfield Company (Arco), Santa Fe Minerals Asia Incorporated and the China National Offshore Oil Corporation have signed a contract reportedly worth \$500m to develop a gas field in the South China Sea. Page 4

DEBT rescheduling has taken much of the heat off the world's debt crisis, but interest payments on debt remain a problem. Statistical trends, Page 6

Saudi Arabia adopts tough stance on Opec output

SAUDI ARABIA is going into the might not be implemented or could don't expert objections to the kingmeeting of the Organisation of Pebe quickly terminated if the other dom's policies."

proach have been discouraged from el of 1.1m b/d in July, but fell to repeating their views.

920,000 b/d in August. troleum Exporting Countries (Opec) this week more determined than ever to confront the other members and have them reduce their oil production, so that its own can be raised, writes Michael Fields in Ri-

has been the only member of Opec that has not been cutting its prices directly or indirectly and in consequence its exports in August fell to little more than Im barrels a day (b/d) from more than 9m b/d four

To raise its output, the Kingdom has recently negotiated a series of "netback" deals with Exxon, Texaco and Mobil involving the sale of its oil at market prices less the cost of freight, and refining. The deals, which involve at least 800,000 b/d in

nbers agree to abide by official pricing policies at the Opec meet-

month has already risen from below 2m b/d to about 3m b/d, giving exports of some 2.3m b/d. If this level of output is maintained or in-creased it may trigger a pricing war, in which Sheikh Ahmed Zaki Yamani, the Oil Minister, warned earlier this month could lead to per barrel rates dropping to \$15.\$18

An indication of the determination that lies behind the new production policies was given last week by King Fahd in a question and answer session with students at the Umm al Qura University in Mecca. Nobody has the right to object to extra production, are due to come the Kingdom's oil policy under spe-into operation tomorrow. It is cial circumstances," he said. "If I

The apparent toughening of Saudi policy, which in the past has often been marked by strong words but a reluctance to back threats with action, is not the result of any major debate in the country.

Rather, it seems likely that a significant number of princes and sinessmen have complained to the King that conditions are becoming intolerably difficult, and the King has felt forced to act.

No debate on oil policy exists even though the economy is

Sheikh Yamani, and Petrom the state oil company under its governor Abdul-Hadi Taher, strongoppose public discussion of oil atters. Newspapers have been persuaded not to run features on oil and senior civil servants who have sometimes expressed opinions in

the first time in the burgeoning

New York market in UK stocks re-

packaged as American depositary receipts (ADRs). The rule amendment by the Lon-

don exchange's council comes as

New York securities markets pre-

pere to open 30 minutes earlier

from today, another reflection of

the growing competition between international markets. The start of

trading on the New York and Amer-

ican exchanges is being brought forward to 9.30am New York time.

At present, London firms and

barred from trading in dual capaci-

ty. – that is, as both brokers and market-makers – in any UK-listed

stock. But specially constituted "in-ternational dealers" are permitted

highly active New York market in

the ADRs of stocks such as ICI

The restriction has remained in

New York has become so active and

ter-productive and is damaging

The change is thought to be sen-

sitive, however, and an extended

Elaborate rules will remain

in approximately a year's time.

Glazo, and BAT Industries.

in foreign stocks.

British firms.

overseas subsidiaries are

The King, who makes the final decisions on issues relating to oil, has been exposed almost exclusively to the views of his Oil Minister, who gives less emphasis to the operation of market forces.

Our Middle East Staff writes: the first shipment of Iraqi oil from Yan-bu on Saudi Arabia's Red Sea coast was made at the weekend with a cargo destined for Petrobras of

Iraq's new export outlet with a capacity of 500,000 b/d via Saudi Arabia's trans-peninsula pipeline system presents a major new threat Opec's wilting efforts to maintain

Baghdad is planning average sales of 400,000 b/d from Yanbu in the fourth quarter without any matching reduction in exports via the pipeline system to Ceyhan on Turkey's south-eastern Mediterra-

Iraq has given notice that it wants Opec's agreement to an increase in its output quota from the present 12m b/d to at least 1.8m b/d, but will maximise exports remembers is not forthcoming.

With Iran's exports cut to a trickle, meanwhile, Mr Ali Akbar Hashemit Rafsanjani, the Speaker of the Parliament in Tehran, hinted at retaliation against Iraqi exports.

"It is possible that we will deploy another great force towards the pipes which go to Turkey and pass near Syria," he said, warning that Iran would regard the Saudi trans-peninsula pipeline system as a strategic target if oil was pumped

Iraq yesterday said that its Air Force had mounted another raid, the sixth in as many days, on Iran's Kharg Island oil terminal.

Italy aims for real cut in public borrowing

THE ITALIAN Government is aiming to reduce its public sector borrowing requirement in real terms next year in the budget and finance Bill it will present to parliament

The budget entails reductions in government spending and rises in charges for services provided by the state. But the cut in spending is much less than some ministers, in-cluding Sig Giovanni Goria, the Treasury Minister, had suggested were necessary if Italy was to get its runaway delicit under control.

The Government expects a deficit this year of L106,700bn (\$59.2bn), which by its calculations will be 15.6 per cent of gross domestic product (GDP). For 1986 it is aiming ut a tar-get of L110,800bn – 14.6 per cent of GDP, which is expected to rise next year by between 2.5 and 3 per cent. The proportion of the deficit to GDP will still be well above the lev-

el of most industrial countries.
Under the measures acreed by the Cabinet late on Saturday, however, the deficit would approach L114,000bn. Unless the deficit grows at a slower rate than expected, further spending cuts or measures to raise revenue will be necessary if the Government's target is to be met.

"We've done a good job," said Sig Bettino Craxi, the Prime Minister, after the Cabinet meeting. "We haven't resolved every problem, as is natural."

taxes in 1986, and intends to reform the income tax system in a way which will reduce revenues next year.

Rome nevertheless intends to cut its borrowing requirement next year by L8,750bn. Health spending will be contained by raising pre-scription and other charges, while health insurance contributions will go up, with the burden falling main ly on employers. The indexation mechanism for

pensions is to be applied only every six months instead of every three months. Some welfare benefits are to be reduced. Families with only one child will no longer receive child benefit.

Concessionary rates for electricity and telephone charges are to be cut, and charges for school and unirsity will ri

Legislation is to be drafted to en-able local authorities to levy their own taxes in order to compensate for reduced transfers from the The budget and finance bills have

Continued on Page 18 to be approved by parliament by

thought in Saudi Arabia that they don't object to others' policies I U.S. welcomes Move to arms proposal trading to but insists on THE LONDON Stock Exchange is SDI research moving to allow U.S. associates of its member firms to take part for

BY NANCY DUNNE IN WASHINGTON

Geneva for cutting strategic offen-sive arms up to 50 per cent, but insisted that they would not give up research and testing of defensive systems allowed under a previous

Mr George Shultz, the U.S. Secretary of State, said the Soviet Union would present counter-proposals to the intermediate weapons and strategic arms group in Geneva on Monday and Tuesday, while also presenting proposals to the stafe. defence group. This might be one way to get round Soviet preconditions that link talk on offensive eapons to President Ronald Reagan's Strategic Defence Initiative (SDI), he said.

But he insisted: "Any deal on reearch would be ridiculous. There is absolutely no way to verify whether

it is being observed."

He said President Reagan simply it is possible to defend against ballistic missiles. That answer can be gotten within the anti-ballistic missiles treaty," he said. In several interviews over the

weekend, U.S. officials expre oncern about the details of the Soviet proposals for cutting offensive wanted to reduce nuclear weapons, weapons and questioned whether it would not agree to something just they involved reductions in large to have a deal for President Reagan land-based intercontinental missiles which can strike U.S. missile

Mr Richard Perle, the hardline Assistant Secretary of Defence, called the Soviet proposals "a throwback to the 1970s," and predicted that they will attempt to de-fine reductions in a self-serving way... That is, reducing systems on our side when comparable systems are not reduced on their side. "They want to halt the U.S. (SDI) programme and to confine it so it

REAGAN ADMINISTRATION offi- won't go forward, while they contin cials yesterday welcomed news of ue with their own research," he forthcoming Soviet proposals in said. Senator Albert Gore, observer at

the Geneva arms control talks, insisted that it was impossible to limit the talks to offensive weapons. The development of anti-missile

defences will force both sides to increase their offensive missiles in order to penetrate the defensive shield, he said. The new Soviet proposals might

make it possible to get an agree-ment which would eliminate the ability of either side to benefit from a first strike, the Democratic Senstor said. He recommended that the Administration use the SDI pro-gramme as a bargaining chip and at the same time work towards defining "a variable distinction and dary between permanent research and development of the kind which would lead us down the road to deployment.

Mr Perle, however, said the Adcussing definitions of research and testing laid down under a previous treaty. These, he insisted, were perfectly clear to the Soviets in the years they were working hard on their own star wars programme.
Mr Shultz said that while the U.S.

to sign at his summit meeting with the Soviet leader, Mr Mikhail Gorbachev, in November. One official said the Soviet Union may propose elimination of

medium-range missiles in Europe. If the Americans are perceived to be scuttling the Soviet proposals for the sake of the star wars pro-gramme, he said, Moscow may then be able to divide the U.S. and its

Soviet habits change, Page 17

Hussein's offer open ADR of direct talks divides Israel **UK** firms

KING HUSSEIN'S offer of direct egotiations on a Middle East peace greement with Israel exposed deep divisons within the coalition Government in Jerusalem yester-

The offer, made in a speech to the United Nations General Assembly on Friday, was welcomed by Mr shimon Peres, the Israeli Prime Minister. He was quick to acknowledge that this was the first time the King had spoken of direct talks ~ a long-standing Israeli objective.

But the right-wing Likud grow ing reacted to the idea with hostility, in line with its refusal to consider a relaxation of authority over the occupied territories. The disagreement was accompanied by confusion and the Israeli Government is to seek clarification from the U.S. over precisely what the Jordanian monarch said.

to operate on a dual-capacity basis In his address to the General Assembly King Hussein said: "We are prepared to negotiate, under appro-priate auspices, with the Govern-This has led to the anomaly that British firms are shut out of the ment of Israel, promptly and directly, under the basic tenets of Security Council resolution 242 and 338." He was insistent that the framework for any negotiations should be place to protect the central market

in such stocks in London. But it is an international conference under tion of the Soviet Union - a proposal rejected by the U.S. and Israel. King Hussein is today scheduled to have talks with President Reaindependent that the rule is coungan in an attempt to reactivate the Middle East "peace process" and in perticular to bring about a dialogue between a joint Jordanian-Palesticonfirmation period is being al-lowed to give time for objections to be lodged. It is not likely that the

Their meeting takes place in the wake of President Reagan's notification of the Administration's intention to sell Jordan an arms package including 40 F-16 or F-20 fighters and mobile Hawk missiles, a move which faces stiff opposition from Israel's allies in Congress. After a brief meeting of the Israe-

nian delegation and U.S. officials.

li Cabinet yesterday Mr Peres issued a statement in which he congratulated King Hussein on his vision of peace regarding co-operation between the nations of the Middle He described the offer as "impor tant, progressive and intelligent." But Mr Peres questioned whether the UN was the correct forum for

negotiations, suggesting it would only add more problems and result in ever-lasting delays." He repeated Israel's refusal to negotiate with the Palestine Liberation Organisation and also criticised the Hashemite Monarch for condoning terrorism.

While condemning terrorism in his speech, the Jordanian leader also rejected "the misleading attempts by those who equate terrorism with movements of national liberation and the right of people to

Mr Peres emphasised that no speech by King Hussein could alter Israel's opposition to the proposed U.S. arms deal with Jordan. The government is relying on the power of the Jewish lobby in Washington

change will take effect before October 22. place to prevent the erosion of the strict separation of broking and market making, which will remain in force in London until the "big bang restructuring of the market Thus, New York offshoots of Brit-

No prizes for guessing where we rank in world printer sales. 01-902 8892

ish securities firms will be able to trade in dual capacity in UK ADRs but only on behalf of clients resident dent in North America. EEC. U.S. 'create steel cartel'

BY NANCY DUNNE IN WASHINGTON

THE U.S. and Europe have effectively established a transatlantic steel cartel that protects their traditional trading arrangements and inthibits trade with newer market en-trants, according to the U.S. Gen-eral Accounting Office (GAO). The GAO, an independent inves-

tigative agency, says the industria-lised world's two largest trading groups have done so by import re-strictions, which "have had the effect of cartelising world steel

The troubles of the world steel trade, the report says, stem from global excess capacity, the long-term shift in comparative advantage from the developed to the developing world, and the view in the industrialised world that steel is a critical industry that critical industry that must be

Hopes rose of a compromise over the wording of the agenda of this week's General Agreement on Tariffs and Trade meeting which would prevent an immediate breakdown over the controversial issue of trade in services.

"By adopting similar remedies for posing economic costs," the GAO dumped, subsidised and fairly says. traded steel, mature producers have

tary export restraints and orderly marketing agreements, instituted instead of Article 19 of the General

Agreement on Tariffs and Trade (Gatt), which allows a country to grant its industries emergency im-

edies for the myriad problems faced at least "Tosters the con by the steel industry."

The GAO expresses its concern

The GAO expresses its concern about the increasing use of volun-

Article 19 was clearly intended to be used in exceptional circum-stances to give temporary relief as voluntary export restraints is "distorting trade patterns and im-

The dispute settlement process of increasingly blurred that distinc-tion, the GAO says. The result has been to bypass the use of Gatt remat least "fosters the cons and dialogue necessary to even be

The agency says Gatt is being called upon to settle disputes tha frequently involve government in

CONTENTS

Letters..... 17

Energy: China's long road to Lex: UK pension proposals

and the markets.......... 18 Editorial comment: Punjab; Philip Morris: cutting down UK commodities market . 16 on tobacco dependency . . 21

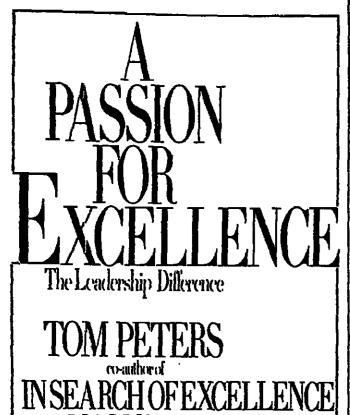
Britain 7, 8

| Companies | 22 | Lombard | 9 | Management | 9 | Management | 16 | Men and Matters | 16 | Money Markets | 34 | Statistical Trends | 30 | Wall St | 33 | Wal

Johnson Matthey: working Arms control: Soviet habits

General Motors: the man in Office equipment:

the driving seat 16 Survey Section III



There is a revolution brewing in the world of business management . . .

&NANCYAUSTIN

... significantly inspired by the best selling business book of all time, In Search of Excellence. The sequel, A Passion for Excellence highlights the importance of leadership qualities in management and through hundreds of examples, shows how excellence has been and can be achieved in a wide range of organizations and industries.

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SEOUL HILTON INTERNATIONAL WHERE THE WORLD IS AT HOME 34

President's Rule ended in Punjab

By John Elliott in New Delhi

DEMOCRATIC government was restored to the northern Indian state of Punjab yesterday when two years of President's Rule were form-ally ended and the Akali Dal state Government elected last

week was sworn into office. Moderate Sikhs who form the Akali Dal Party now have the responsibility of running this prosperous but troubled state under the leadership of Mr Surjit Singh Barnala, the new but little-known Chief Minister.

Mr Barnala last night issued a statement which included controversial policies included controversial policies to win back the trust of the Sikh population, including dissident youth who in the past two years have been attracted by the extremists. He said he would be setting up a committee to release young Sikhs from jali and young sixes from pair and would appoint an inquiry to look into the "association, connivance and support of political elements" with the

extremists. He knows he can count on He knows he can count on the support of Mr Rajiv Gandbi, the Indian Prime Minister, for his government which he pledged would implement the peace accord recently reached on the Punjab and would "pursue the policies of constructive Congression without the conco-operation rather than con-frontation" with Mr Gandhi's

central Government, When Mrs Indira Gandhi, the late Prime Minister, was in power there was often friction between the states and the central Government -an approach which Mr Gandhi has shunned.

ministers appointed yesterday to the Punjab Cabinet by Mr Barnala. They include Mr Balwant Singh, a former Punjab Finance Minister and a businessman with intert businessman v national interests.

But Mr Parkash Singh Badal, a former Punjah Chief Minister who wanted to head the new government, apparently refused to join the Cabinet. This could cause friction in the future.

Tight security is being

Chinese party elder criticises 'deviation'

divided analysts over the unity of China's leadership.

Mr Chen apparently would like a more Marxist approach than has been designed by the Chinese leader, Deng Xiaoping, who recorded several victories at the just-concluded special Communist Party conference.

In a speech published yesterday by the English-language
"China Daily," Chen—who is and government officials who capitalist roader "during the

elderly and conservative the party pension—called for ideologue who is a senior efforts to correct "ideological member of the Politburo, have negligence" brought on by the reforms.

The elderly official, wearing his cap as first secretary of the Communst Party's central commission for discipline inspection, warned that unless "serious attention" was given to cultural, morai and political development. China would "deviate from Marxism and the socialist road."

breakers and lawless foreign businessmen." The reference to "lawless foreign businessmen." ha caused disquiet among the

foreign community here. The "bourgeois decadent ideology of putting money above all else is "criously disrupting social conduct," Chen said, and "we must mobilise and organise the whole party to fight against these things with thoroughness to wipe out evil."

put in charge of party disci-pline. But his criticism of China's direction has rarely been so trenchant, and his direction to "mobilise" has been interpreted by some diplomats as a rallying call.

ing peasant prosperity, and ideological said "no individual should try leadership.

TWO CRITICAL speeches in 80, and under present Chinese have embarked on business Cultural Revolution is renowned to have the final say," which has recent days by Chen Yun, an standards, should have accepted wentures, and who have worked as a tough-taker, which is one been taken as a criticism of the party pension—called for "hand in glove with law-ideal of the reasons why has has been the party pension—called for "hand in glove with law-ideal of the reasons why has has been the final say," which has been to have the final say," which has been to have the final say, which has been to have accepted to have

While some diplomats argue that the speeches signify a "split" in the leadership over the reforms, others say that the been interpreted by some diplomats as a rallying call.

At the close of a special party conference last week, he condemned "blindly" following market forces, criticised the country's media for exaggerating peasant prosperity, and individual should try

Howe seeks

common ground

over sanctions

Buthelezi attacks ANC calls for violence

struggle

LONG-STANDING rivalry be- successful tween the Zulu-dominated against white power and of Inkatha Movement, led by Chief Gatsha Buthelezi, and which would "turn black the exiled African National brother against black brother." the exited Atrican National Congress (ANC) came to a head over the weekend when Chief Buthelezi lashed out at the ANC and called on blacks to support Inkatha's policy of a negotiated settlement for South Africa's future.

brother against black brother."
"Our youths are being exhorted to attack their elders. Blacks are stoning blacks, burning them alive, hacking them to pieces and the ANC in exile regards this as a great surge forward in the struggle," he Addressing a crowd of said, quoting liberally from around 10,000 Zulus at the ANC broadcasts beamed into traditional Shaka Day rally, at South Africa from abroad. He Umlazi near Durban, Chief attacked Mr Oliver Tambo, the Buthelezi taunted the ANC ANC leader personally and with having falled to launch a accused him of "sowing the

seeds of civil war" and "dictating to us from the safety of foreign flags." Chief Buthelezi repeated his long-held conviction that the ANC in exile has no mandate from ordinary black South Africans to escalate black on black violence or conduct an armed struggle against the Government. He accused the ANC of plotting his

assassination.
But as the chief called for the people to renew his own opening s mandate for continuing peaceful negotiations with whites and other groups, a detachment Elizabeth.

of alleged Inkatha supporters left the stadium and burst into the nearby township of Lamont-ville, which is a stronghold of the rival United Democratic Front. A total of six people are reported to have been killed in the ensuing violence, with one man burnt to death

Meanwhile, further indica-tions of the Government's own reform intentions are expected to emerge tonight when Presi-dent P. W. Botha makes the opening speech at the Cape Province Congress on the ruling National Party in Port Party

BRITAIN remains opposed to mandatory economic sanctions against South Africa but will seek common ground with other Commonwealth nations whea the issue is discussed at a meeting in the Bahamas next month, Sir Geoffrey Howe, Britain's Foreign Secretary, said yesterday, Reuter reports from Ottawa. Sir Geoffrey said there is unanimity among Commonwealth nations on the need for an end to the South African

an end to the South African policy of racial segregation but that each country must decide for itself how best to achieve that goal.

that goal.

He made the comments to reporters after a day of talks with Mr Brian Mulroney, the Prime Minister, and Mr Joe Clark, the External Affairs Minister.

Willing (

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asta (e)

Sierra Leone set to elect army chief as president

Slaka Stevens, 80, who is stepping down after ruling the West African country for 17

The single candidate, proposed by the sole political party, the All People's Congress (APC), is the armed forces commander Maj Gen Joseph Momoh, 48,

Gen Momoh was musnimously nominated at an APC convennominated at an APC conven-tion in Freetown last August ending a long period of uncertainty and political infighting. Since then he has received an enthusiastic recep-tion while campaigning around

SIERRA LEONE appears set free of the corruption and for a peaceful political change-over when it elects a new leader tomorrow to succeed President from the north and of mixed from the north and of mixed tribal background he also has an acceptable political profile.

The nomination is seen by political observers as a shrewd move by President Stevens to pre-empt a possible coup by junior army officers and to provide some guarantee of a peace-ful retirement in his newly built palace on Freetown's Juba

aims to restore discipline and political accountability in a country where corruption is epidemic even by West African maintained throughout the state. But one person was killed and three injured yesterday in a minor clash in a village south of Amritsar between two groups of Sikhs.

Teceived an enthusiastic reception while campaigning around the country.

Although the official APC country and 80 per cent of candidate, Gen Momoh is imports are financed through regarded as an outsider and the black market.

Coup attempt in Khartoum leaves 162 under arrest

BY JOHN MURRAY BROWN IN KHARTOUM

last week in the Sudanese Abbas Ghaboush. He is wellcapital Khartoum now appears known as a supporter of the to have been a more serious southern rebel leader Col threat to the Government of Gen

group of southern civilians and the new Government military men of plotting to assassinate members of the ruling Military Council and the civilian Cabinet. negotiate with the guerrilla

So far 162 people have been arrested in connection with the incident, Gen Osman Abdullah, the Defence Minister, said yesterday. One junior officer was killed and six soldlers and a civilian wounded during the abortive coup attempt.

A night curfew has been in-

AN unsuccessful coup attempt southern politician Mr Philip John Garang. Col Garang and Sowareddahab, than was at first suspected.

In a statement broadcast on state radio, the Prime Minister Mr Gizouli Dafallah accused a suborities, and all attempts by

> leader have come to nothing. A rapprochment with Libya in June was an attempt to contain the activities of the SPLA which had received much backing from Libya, including arms funnelled through Ethiopia.

In a related incident at a meeting at the UN in New York Mr Ibrahim Ayoub, the abortive coup attempt.

A night curfew has been imposed in the capital. Among of Egypt to mediate in talks those arrested is a prominent with Col Garang.

FINANCIAL TIMES

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Mexican Cabinet meets as homeless protest over aid

BY DAVID GARDNER IN MEXICO CITY

THE FULL Mexican Cabinet have to be met largely through met over the weekend, for the external financing, Concamin first time since the two earth-told Excelsior, the Mexico City met over the weekend, for the first time since the two earth-quakes that devastated central quases that devastated central daily, since increased governage, to hammer out a major would be dangerously increased. reconstruction programme for the capital and badly-hit Pacific coastal areas.

The rubble-strewn capital also saw the first demonstrations organised by the thousands of Mexicans left homeless in protest at government slowness in distributing aid to them.

ceks

n groun

ictions.

Regier to

Branch State

Details of the Cabinet meeting, which began on Saturday night, were not expected to emerge until late yesterday, but the Government was believed to be considering proposals to relocate several ministries though not necessarily the five destroyed by the quakes—out of Mexico City.

of replacing ruined buildings, registering 5.5 on the Richter Mexico could lose half its scale, has further hampered retourism earnings, or \$1bn, as a lief work at some sites. The result of damage to hotels and authorities say 5,600 died in the form of further courter but a feel of the say 5,000 died in the fear of further earthquakes.

Reconstruction costs would 10,000 is likely.

would be dangerously infla-tionary. A renegotiation of Mexico's \$960n foreign debt would thus be necessary.

Concamin's sister organisa-tion, Canacintra, which repre-sents industrial employers, last week called for the write-off of one year's interest payments on the debt, amounting to \$12bn-\$13bn. Both organisations tend to keep broadly in line with, if not reflect, the Government's economic thinking.

Demonstrations against government handling of aid distribution began on Friday night, led by residents from two of the worst hit areas—Tlatelolco, near the Foreign Ministry, where a The costs of the earthquake damage have yet to be officially calculated, but a leading private sector organisation yester—day estimated them to be at palace, the centre of Mexico's

least \$5bn (£3.57bn).

Concamin, the trading company employers' organisation, said that in addition to the cost

Panama changes president after less than a year

PANAMA'S new president Sr had fallen into a social, political Eric Arturo del Valle, sworn in and economic "whiripool," he at the weekend after his predecessor resigned, said the Central mony. American nation faced "one of Sr Ardito Barletta's resigna-the most difficult times in its tion capped two days of wide-

Ardito Barletta resigned on into the murder earlier this Saturday after less than a year month of a leading critic of the saying he had lost the military.
of the armed forces. Sr The former World Bank vicesupport of the armed forces. Sr ness and consistency. Panama rigged,

history," Reuter reports from spread rumours of a military coup after he had pledged to His predecessor Sr Nicolas order an independent inquiry

del Valle, 54, an industrialist president took office last with large sugar interests who October after a wafer-thin vicwas vice-president under Sr tory as the military's candidate Ardito Barletta, said the pre-vious government lacked firm- tion said the polis had been

Disagreement over Sweden's economic strategy

BY DAYID BROWN IN STOCKHOLM

SERIOUS DIFFERENCES view that low wage cost in-between Sweden's Central Bank creases in the forthcoming pay and Finance Ministry over the negotiations are the major country's post-election economic priority in bringing down the strategy emerged at the week- rate of inflation, still one of end, following calls by Mr Bengt Europe's highest Dennis, the Riksbank chairman, for harsh measures to curb

households and municipalities, private consumption and a ble in order to dampen domestic demand and help improve the country has accumulated deficit of SKr 12-9bn on the cur deficit of SKr 12-9bn on the cur payments position.

The rapid deterioration of private consumption.

Mr Kjell-Olof Feldt, the Finance Minister, rejected as agenda, following the Social Democrats' re-election last week.

With imports rising faster than exports, due to both high private consumption and a big imp in industrial investment, the country has accumulated a deficit of SKr 12.9bn on the cur ayments position. rent account of the balance of He reiterated the Social payments in the first sever emocratic administration's months

Stockman says U.S. 'joy ride is over

MR DAVID STOCKMAN, the former U.S. budget director, yesterday warned that "the joy ride is over "for the U.S. economy and said 2 \$100bn tax increase in needed "to restore any semblance of fiscal discipline."

fiscal discipline."

Mr Stockman, whose frankness often got him into difficulty in his five years as budget director, spoke even more openly in a television interview about "traumatic economic dislocation."

"It's not a demossion in

sion in a selective sense."

If a government cannot pay its bills it ends up with high real interest rates which affect "anyone who makes their livelihood in tradeable rooses in the world market.

their livelihood in tradeable goods in the world market place . . . who are now facing impossible competitive circumstances," he said. Ultimately, by seeking "short run palliatives" like the Group of Five attempt to weaken the dollar, global inflation will result. This, said Mr Stockman, is unfortunate since "the selid legacy" of the Reagan Administration was to wring inflation out of

By Robert Gibbens in Montres

Premier Rene Levesque, 63, has finally stepped down from leadership of the ruling Parti Quebecois and about 140,000 party members across the province were widely expected to elect Mr Pierre Mare Johnson, 39, as his successor yesterday.

the economy are the prime concerns teday. Late polls gave Mr Johnson,

The PQ polled its me

Noumea loyalists win most seats

French territory of New Caledonia yesterday showed a widening gulf on the South Pacific islands between those favouring independence and

movement the FLNKS won most seats in three out of four of the island's regions. But a majority in the new assembly for the territory went to the French lovalist movement the southern region around Noumea, the capital, which has the largest concentration of people and hence the most

seats.
The FLNKS, which wants a rapid shift to independence, won 16 of the 46 seats in the new assembly. But under the new voting system introduced by the French Socialist Govern-

grave, the Rainbow Warrior lay alongside an Auckland wharf

yesterday, a_rusting monument

to a tale of French folly on the

In bright sunshine, sightseers stood gazing at the bedraggled

Greenpeace protest vessel that was sunk by French secret agents in Auckland harbour on

July 10, killing a Greenpeace

pohtographer.
Many visitors paid a dollar or

two for protest postcards and badges, and most were loudly critical of an incident that Mr David Lange, the New Zealand Prime Minister, has described as a sordid act of terrorism.

Mr Dave Cadell, a director of

Anckland's Captain Cook Cruises, said: "The French made a big mistake in under-estimating New Zealand's police. The Kiwi cops are the

most tenacious in the world. They'll go anywhere, spend

erandest scale.

ment which allowed each of the regions to poll separately, it none the less gained a majority of seats in the northern and central regions, and the islands of Leverte contral regions, and the islands of the contral regions are the contral regions. of Loyaute.

The loyalist RPCR, which wants New Caledonia to remain part of France, won 26 seats in the assembly. But it only gained a majority in the southern region round the capital where the French settler population

Squeezed between these two extremes were the moderate movements such as the LKS which had emphasised the need which had emphasised the need for the communities to work together but which only won one seat. By contrast the more racist National Front won three seats in the new assembly. Total population of New Caledonia is around 150,000,

RAISED FROM its watery anything, to track something French haval vessel.

Today marine assessors will

examine the vessel, which was not insured. Mr Atholvon Koettlitz, a Greenpeace engineer from London, says damage is extensive. The ship's

likeliest fate is to be towed away for scrap.

Manwhile, the flotilla of pro-

test vessels converging on Moruroa Atoli, the site of French nuclear testing in the South Pacific, is making good

speed, and is determined to give the French a run, even

"The whole idea is to spread around the atoll, and stretch the French a bit," said Mr Rien

Achterberg, Greenpeace's Dutch-

born Pacific peace flotilla co-

without the Warrior.

ordinator.

a surprise, they underline the difficult problem that any French administration will have in finding a durable political settlement for the islands. The risk is now that the

FLNKS will return to guerrilla action feeling that the size of the white population deprives them of any hope of an orderly move to independence. The French right-wing opposition parties have said that if they are returned to power in France in March—as seems likely— they will call a referendum on the islands' future. On the basis of yesterday's election this would have given a majority to the loyalist movement which wants the territory to remain part of France.

The Vega was handed a note last week, reminding its crew not to breach the 12-mile bar-

rier. If the flotilla ignores this

advice, a major confrontation is

The Greenpeace, an 880-ton

tugboat with 19 crew, mostly British, that will service the

flotilla, is now about 1,200 miles,

Two other vessels are be-tween five and seven days from

the atoli, while the Varangian, a yacht, left Auckland at the

weekend and will take three to

The crew of the Vega includes a 61-year-old Maori elder from New Zealand who has never been to sea before.

Mr Achterberg was non-com-mittal about whether the protest

or six days, away.

five weeks.

The Vega, a 34-foot Green mittal about whether the protest peace ketch with a crew of five, flotilla would attempt to breach is just outside the atoll's 12-mile the exclusion zone and sail

exclusion zone, shadowed by a close to the atoll.

A break down of the poli shows that the FLNKS gained 28 per cent of the vote, the more moderate independence move-ments 10 per cent, but the loyalist parties (the RPCR plus the National Front) 60 per cent. The Government was none

the less comforting itself yester-day that the election had passed off peacefully in contrast to the last election in November 19.4 which was boycotted by the FLNKS and which produced virtual civil war soon afterwards. Some 3,000 French police were flown out to New Caledonia for yesterday's poll.

M Jacques Lafleur, a leader of the loyalist RPCR, none the less described the result as "cooked" for giving his party control of only one region even though it had won 53 per cent

"We had thought a speciacu-

lar nuclear test was due im-minently," he said. "Perhaps

at least until the hurricane season starts, sometime in

"The nearest friendly places are not very close. There's Pit-

cairn, which has water but no shelter, or the Cook Islands,

1,200 miles from Moruroa. There's French Polynesia, but

it wouldn't be much use putting in there, except for water."

support within New Zealand for Mr Lange's tough stand with Paris on the sinking of the Rainbow Warrior, there is grow-

ing concern over the New Zea-

land Government's ban on port

visits by nuclear-armed or powered ships, which is badly

United States.

straining relations with the

Although there is full-hearted

Fighting rages in Lebanese port city

A SYRIAN-BACKED offensive by leftist mikitias against Mos-lem fundamentalist fighters holed up in the northern port city of Tripoli went into its second day yesterday, but failed to make any major advances. Communications with Tripoli were cut soon after militants of local parties affiliated with Syria closed in on the city in a pre-dawn assault Saturday following a barrage of artillery and rockets from the surrounding Syrian-held hills. There were conflicting reports about

active Syrian involvement in the

active Syrian involvement in the fighting.

The battle for control of Tripoli between elements of the Tawheed, or the Islamic Unification Movement and the pro-Syrian Arab Democratic Party has led to a casualty toll of 220 dead and 1,000 injured. Thousands of fighters from the pro-Syrian Ba'ath Party, the the pro-Syrian Ba'ath Party, the National Syrian Social Party, and the Lebanese Communists minently," he said. "Perhaps we're delaying them. We hope to Tripoli over the last two to stay there as long as possible, days but fell short of charging through Tawheed defenses. Tawheed chieftain, Sheikh Saeed Chaaban, vowed in a statement from his bunker Saturday that his men would

be the last to lay down their Two thirds of Tripoli's population of 750,000 fled the town, Mr Yassir Arafat, the Palestine Liberation Organisation chief, appealed to the Arab League and the Islamic Conference Organisation to "rise up and come to the rescue of Tripoli." Syria has accused Sheikh Chaaban of Tribolatorating already with the collaborating closely with the PLO leader and receiving arms shipments from his guerrilla organisation. Syria has 40,000 troops in northern and central

ELECTION RESULTS in the

iose against. The Melanesian independence

economic dislocation."
"It is not a depression in
the classic sense when the
economy grinds to a hait
across the board," he said. "I
think it is close to a depres-Greenpeace 'warriors' closing in on test site

was to wring inflation out of

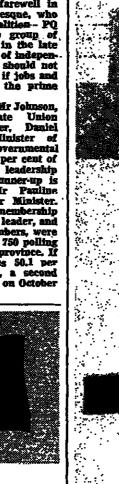
the economy.

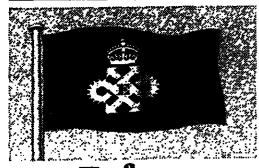
Mr Stockman blamed both
Republicans and Democrats
for "the breakdown of
responsibility." He called for
"a huge national belt
tightening . . . a period of
national sacrifice in which
people would give up things
equally"

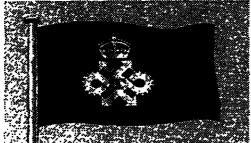
Levesque steps down as Quebec premier

In a dramatic farewell in Montreal, Mr Levesque, who
founded the coalities PQ
from a disparate group of
separatist parties in the late
60s, said the Meal of independence for Quebec should not be forgotten even if jobs and

son of the late Union Nationale premier, Daniel Johnson, and Minister of Justice and Intergovernmental the votes in the leadership election. The runner-up is likely to be Mr Pauline to choose the new leader, and about 140,000 members, were points across the province. If no candidate wins 50.1 per cept of the vote, a second







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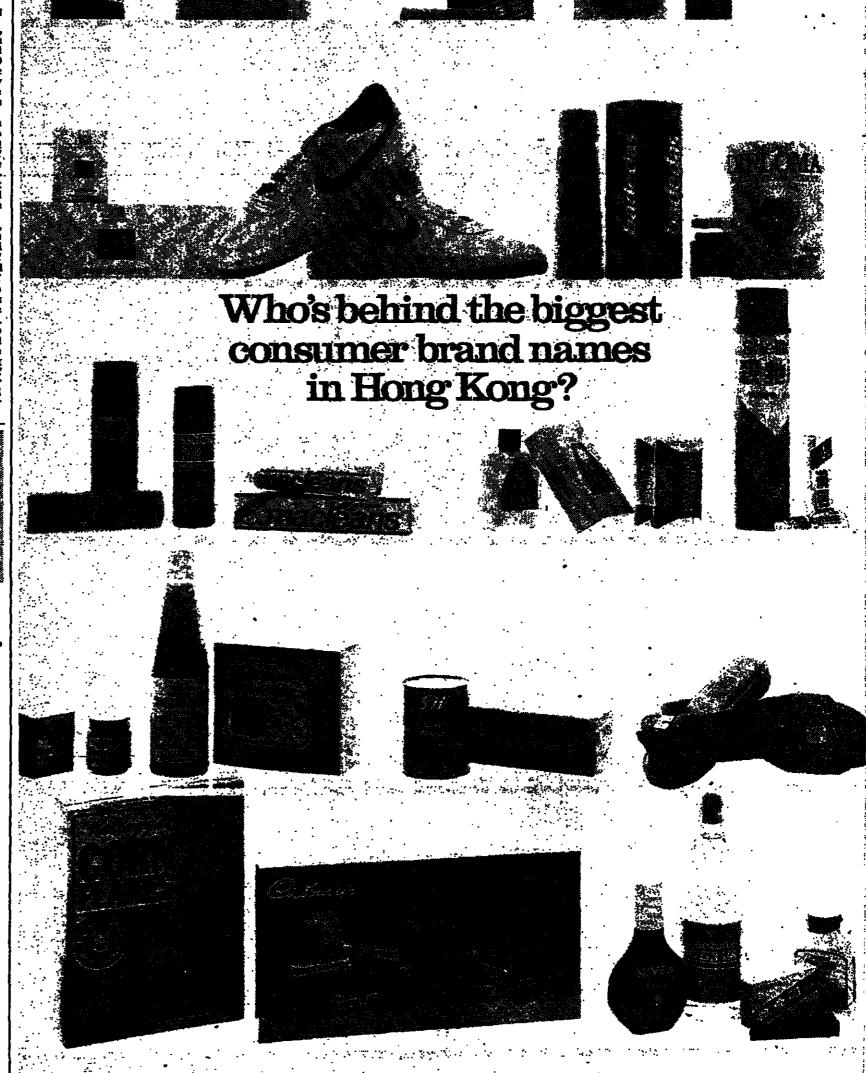
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is Industry Year As a winner, you'll be entitled to fly the coveted. Queen's Award flag and to display the Award emblem on your products, letterhead and publicity

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Varnet
Name of Company.
Address
tuck as appropriate? Exports Technology Both Completed applications must be returned by October Mai 1985.
The Queen's Awards 1986.



Sales are now predicted to have

Japanese trade problem is less rosy, SIA directors said.

In June the SIA, on behalf of the U.S. semiconductor indus-try, took legal action under section 301 of U.S. trade laws,

calling on President Reagan to

put pressure on the Japanese government to open its markets

Dr Robert Noyce, vice-chairman of Intel, blamed the high value of the U.S. dollar

for much of the semi-conductor industry's problems. "I don't

think that unfair trade practices have escalated (in Japan) enough in the last five years to account for the mounting trade deficit," he said.

For Mr Jack Barnouin, of

IMF, the 4.5 per cent economic growth in developing countries

iast year reflected the success of the adjustment measures

However, he saw their export

the adjustment mes applied to the debt crisis.

ne telephone is a powerful force for progress

and TELEFONICA is already looking to the

is now also present in the major international stock markets. Every step TELEFONICA takes in Spain is a giant leap for the progress of its

needs of the next century. TELEFONICA

bety. That's why in Spain there is an entire

country behind the telephone.

The outlook for solving the

BY LOUISE KEHOE IN SAN FRANCISCO

THE WORLD semiconductor industry will make a dramatic recovery next year, according to the Semiconductor Industry Association. It predicts sales will grow 18 per cent world-wide in 1986 and be worth \$25.5bn (£18.2bn). That would be almost as high as the record sales of \$26bn in 1984.

"We believe that the 1985 recession, brought on by dramatic inventory excesses and equally dramatic price declines, will be reversed in 1986," said Dr Gilbert Amelio, president of Rockwell International's semi-

BY WILLIAM DULLFORCE IN GENEVA

agree on ways of preventing Martin Et the debt problems of Third chairman.

In Spain, TELEFONICA has for sorty years been

making the telephone something more than just a

communication instrument. Recently TELEFONICA

and its group of companies" have made an enormous effort in research and technological developments. This has paid handsome dividends. Today every

business sector in Spain benefits from TELEFONICA's

INDUSTRIAL

developing countries failed to

World countries from frustrat-ing their hopes of economic

development after two weeks of consultations here in the

trade and development board of the United Nations confer-

oce on trade and development

WORLD-WIDE SEMICONDUCTOR SALES % change 14.1 17.8 26.3 1985 1986 +23 +23

\$10.3bn in 1986. This year sales declined 29 per cent to about

conductor products division.

presenting the SIA's annual forecast in San Francisco.

Sales of semiconductor chips in the U.S. are expected to increase 24.8 per cent to \$6.95n in 1986, compared in a 4.5 per cent decline this increase 24.8 per cent to year.

However, SIA president Mr Tom Hinkelman acknowledged that in the past the group's fore easts have been "remarkably inaccurate." Last year the SIA predicted chip sales would grow

Unctad's 1985 trade and

development report which advised that the pressures on heavily indebted countries to generate large trade surpluses

would not be long sustained.
The report recommended that

Japanese sales are expected 22 per cent worldwide in 1985. to rise 16.4 per cent to \$13.3hn, Sales are now predicted to have reversing the 1985 6.4 per cent fallen 17 per cent.

While agreeing that the semiconductor industry recession has hit bottom, most industry representatives attending the annual forecast meeting thought the SIA predictions "over optimistic."

"We are an optimistic bunch Source: SIA and we tend, I believe, to fore-cast optimistically, But I think there's reason to believe in the accuracy of this year's fore-cast," Mr Amelio said.

endorse a summary of its discussions drawn up by Mr slavia, argued for the group of but chiefly in adjustments to Martin Huslid, its Norwegian 77 developing countries that individual countries' economic debt service payments should be

international financial agencies should be increased and the

conditions applied by the Inter-national Monetary Funde should

Mr Bernard Engel, the U.S.

be revised, he said.

Unctad group fails to formulate debt stance

The board met to consider limited to a percentage of ex-Inctad's 1985 trade and port earnings. The resources of

In a final plenary session on the industrialised countries

Friday evening the 128-member should adjust their policies to representative, maintained that 8.5 per cent to 1.5 per cent in board even deckined formally to bring about lower interest rates a return to creditworthiness 1985

SPAIN,

EPH()

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TELEFONACA GROUP" - Amper - Cables de Comunicaciones - Control Electrónico Integrado (THM) - Elesa - Erael - Grafibur - Hispanic Radio Marituma - Indelec - Iraelsa - Seconta Sentel - Telefonica Internacional - Tolettra Españica - Standard Eléctrica - Telefonia y Diatos -Telecomunicaciones Marinia.

Vickers tank shown to Egyptian army chiefs

By Trevor Mostyn and Tony Walker in Cairo VICKERS Defence System

of the UK late last week demonstrated its prototype Mark-? battle tank before Egypt's military chiefs as part of a renewed British defence sales drive here. The recent visit to Cairo by Mrs Margaret Thatcher.

UK Premier, during which she had talks with Field Mar-shal Abu Ghazala, Egypt's Defence Minister, is seen as a useful contribution to a revitalised sales effort.

revitalised sales effort.

Britain and Egypt'agreed earlier this year on terms for a £150m Export Credits Guarantee Department-backed credit for defence purchases. Loudon had previously offered £300m, but this arrangement effectively lapsed because Egypt did not take advantage of it.

A number of British com-

A number of British com anies, including Rolls-Royce, are at an advanced stage in negotiations for the supply of equipment and technical assistance to Egypt's fiedgling assistance to Egypt's stedging defence industry which last year exported an estimated £700m-worth of arms and ammunition, much of it to

Egypt has made production of its own battle tank a priority, but defence experts say it will be some time before Egyptians have the capacity to manufacture such a sophisticated piece of equipment.

The Vickers M-7, which underwent mobility and fire-power tests in the desert near Cairo, combines the Vickers turret and gun and Chobham armour with the West German Kranss-Maffel hull. Maj-Gen Fouad Oraby, com-mander-in-chief of the Egyp-

the Brazilian Engesa's On-

Dry cargo freight rates rise sharply

DRY CARGO freight rates rose sharply last week, while the tanker market suffered the tanker market suffered from confusion because of the disruption of supplies from Iran's Kharg Island terminal, after it was hit by Iraq. Both on the Atlantic and in the Far East, said ship-broker Denholm Coates, rates for Panamar ships of 60-80,000 dwt showed "a remarkable acceleration."

The key grain rates from the U.S. Gulf to Europe and

the U.S. Gulf to Europe and Japan rose respectively to \$8.05 (£5.75) a ton (up 55 cents in a week) and \$13.95 (up more than \$2).

Soviet chartering of bulk earriers for between two and 10 months could be responsible for some of the uplift Coal and iron ore rates also rose. Vessels of 50-100,000 dwt were the major beneficiaries but there were signs of higher

little change over previous Confusion has been caused

Confusion has been caused by some bankers apparently continuing to load from Kharg, despite the Iraqui damage.

In the long term, large tanker rates should benefit from the removal of a further sizeable amount of tourage. sizeable amount of tournage this year through scrapping. More than 19m dwt of tankers and combination carriers (able to carry oil or dry cargoes) were sold for deano-lition in the first eight months

Mulroney takes cautious line on U.S. trade pact

BY BERNARD SIMON IN TORONTO

AN ANNOUNCEMENT by Mr Brian Mulroney, the Canadian Prime Minister, that Canada plans to seek a comprehensive plans to seek a comprehensive trade accord with the U.S. marks the first cautious steps down a path strewn with un-certainties for the Ottawa Government and for the country's business community. The intention to negotiate, in Mr Mulroney's vague phrase, in "the broadest possible reduc-tion in tariff and non-tariff bar-riers" between the world's

riers" between the world's largest pair of trading partners has been widely welcomed in Canadian business circles.

About 2m Canadian jobs depend on trade with the U.S. A recent study concluded that free trade between the two could add up to 8 per cent of Canada's gross national product. Canada's gross national product.
But no one—not even the
government—appears sure what
Mr Mulroney's initiative will

Mr David Peterson, Ontario's Premier, who is urging even more caution than the Prime Minister, last week recalled the

Minister, last week recalled the homespun philosophy of the comic strip character Yogi Bear: "If you don't know where you're going, chances are you'll end up somewhere else."

The question still remains how hard the Canadians plan to press for an agreement, which may give domestic producers easier access to the vast southern market, but at the price of opening Canada's doors more widely to U.S. exporters. For both political and com-



Mulroney: cautious

of withdrawing if free trade becomes a hot political issue at home as a result of the U.S. demanding more than Canada is prepared to give.

According to an official in the special committee of inquiry set up by the Department of External Affairs to handle the talks: "The ball is in the U.S.'s court. They have to decide whether they're interested or not."

The first steps towards the negotiating table are thus hesitant ones. Mr Mulroney has asked President Reagan merely to explore with Congress their interest in pursuing these remainterest.

For both political and commercial reasons, Ottawa wants to keep as many options open as possible, including the option regordations. The Canadians

expect the process will last at expect the process will last at least two years.

Meanwhile, they are hedging their bets. Cabinet ministers have carefully avoided any reference to free trade. They have made it clear that Canada is unwilling to include the 1965 agreement on automotive trade (the so-called Autopact) in in discussions.

Nor will they allow the

Nor will they allow the Americans to pick over Canada's generous social security system or regional development incen-tives, which have been criticised as unfair subsidies on Canadian

as untair succines on Canadan exports.

The Autopact includes provisions assuring continued U.S. investment in the Canadian motor industry. Just a few years ago, serious doubts were expressed about the benefits of the agreement to Canada, but the onestions have faded since the questions have faded since Canada began notching up a large surplus in automotive trade with the U.S., totalling more than C\$4bn (£2.05bn) last

While President Reagan tests Congress's eagerness to make Canada a special case in the current protectionist climate the Ottawa Government will continue consultations with business, labour and—perhaps most important—the provinces.

Opposition from influential opposition from induction sections within all these groups to lower trade barriers has already surfaced. Their fears centre on the advantage that U.S. producers enjoy as a result of lower labour costs, less covernment interpention in Government intervention in business and even lower interest rates.

manner-in-chief of the Egyp-tian armed forces, was among those who witnessed the test. Egypt has debated the choice of tanks suitable both for its own use and for export to neighbouring countries for some years and various models have been considered. Other contenders for the Egyptian market are the Italian Oto Melara OT-40 and

Egypt has in service three Soviet model tanks—the T54, T55 and T62—plus the U.S. M-60, deliveries of which are

SHIPPING REPORT

By Andrew Fisher,

The agency disclosed these details to coincide with the expected signing yesterday between the Atlantic Richfield Company (Arro), Santa Fe Minerals Asia and the China National Offshore Oil Corporalargest foreign investment deals under China's open door policy, covers development, production

were the major beneficiaries but there were signs of higher levels for smaller ships. Tanker business from the Gulf was poor, especially for large vessels. Fixtures in-cluded a 210,000 ton cargo to Taiwan at Worldscale 30,

Yeutter sounds out opinions MR CLAYTON YEUTTER, the barriers.

MR CLAYTON YEUTTER, the U.S. Trade Representative, is preparing for consultations trading partner, accounting for with key committees in the House of Representatives and Senate and with American business interests on proposed liberalised trade talks between the U.S. and Canada, Nancy Dunne in Washington writes.

President Reagan and Mr Yeutter said "Significant Premier Brian Mulroney's The barrier include: high like government procurement clauses at both federal and provincial level; obstacles to U.S. investment; and federal and provincial regulations, like the country's gross interests on proposed third of the country's gross national product and 75 per national product and 75 per national product and 75 per national product and Significant business interests on proposed third of the country's gross national product and Significant business at both federal and provincial level; obstacles to U.S. investment; and federal and provincial regulations, like those on banking, which impede U.S. exports of services. Besides conferring with the House Ways and Means Committee and the Senate Finance Committee, Mr Yeutter will seek the advice of the U.S. International Trade Commits seek the advice of the U.S. International Trade Commits and provincial regulations, like government procurement clauses at both federal and provincial level; obstacles to U.S. investment; and federal and provincial regulations, like those on banking. Which impede U.S. exports of U.S. exports of U.S. exports of the U.S. and federal and provincial regulations, like those on banking. Which impede U.S. exports of services. Besides conferring with the U.S. and federal and provincial regulations, like those on banking. Which impede U.S. exports of under U.S. exports of the U.S. and federal and provincial regulations, like those on banking. Which impede U.S. exports of the U.S. and federal and provincial regulations, like those on banking. Which impede U.S. exports of the U.S. and federal and provincial regulations, like those on banking. ments welcoming Canadian Premier Brian Mulroney's proposal to open bilateral talks

on reducing tariff and non-tariff

A \$500M (£357M) CHINA-U.S.

joint venture to develop a South China Sea gas field is aiming for production from the

site to begin in 1989 and to be producing 3.25bn cubic metres of natural gas annually by 1992, China's Xinhua news agency

The contract, one of the

and sale of gas from the field off Hainan Island. A 96 km undersea pipeline will be constructed from the field, known as Yacheng 13-1, to Hainan, from where a pipeline will extend to Gungzhon and the

tend to Guangzhou and the Shenzhen special economic

China is keen to sell gas from the field, which has esti-mated reserves of more than 90bn cubic metres, to Hong

Kong, and Chinese officials have indicated that Qin Wencai. Cnooc president, is likely to visit Hong Kong in December to discuss sales with the Hong-kong and China Gas Company.

kong and China Gas Company.

Cidnese officials have considered using the gas to fuel fertiliser plants and power stations on the energy-short mainland, and Cnooc has already established an office in Guangzhou to market the gas.

The U.S. companies and Cnooc signed a contract to develop the area in September 1982. The first well was drilled in August 1983, striking gas deposits with a daily output of

deposits with a daily output of 12m cubic metres.

said yesterday.

The barrier include: high tariffs across a wide spectrum

International Trade Commission, hold public hearings and consult with a private sector

U.S.-Dutch electronics Chinese gas project aims for venture wins Saudi order 1989 production

of products; non-tariff barriers,

AT & T-Philips Telecommunes- digital tions, the U.S.-Dutch joint switchi

venture, has received a Fl 17m (£3.9m) order from American Telephone & Telegraph for satellite communications equip-ment to be fustalled in Saudi Arabia.

The order is the first sizeable contract in six months for the joint venture, which specialises in the manufacture of the

telephone - exchange switching system. It includes a frequency

division multiplexer and echo The equipment, for tele-phone and data communications via satellite, will be used for one Arabsat and two Intelsat earth stations in Jeddah which are to go into operation early

World Economic Indicators UNEMPLOYMENT 8,481 7.5 3,116 12.9 July 84 2,282 8.2 2,184 9.5 3,235 13,4 13.1 june 85 2,160 8.0 2,223 9,6 2,955 13,1 505,9 12,3 2,193 8.1 2,243 9.9 2,286 12.8 528.5 12.8 737.0 13.1 April 65 1,576 2,44 240 (1) Eurol France 7.5 2,435 11.7 406.6 14.7 818.4 14.6 June 84 1,630 2.78 ltaly Belgium

next year.

Republic of South Africa U.S.\$75,000,000

Floating Rate Notes 1984/1989

Frankfurt am Main, in September 1985

be 8's per cent per annum.
Therefore, interest per Note of U.S.510,000 principal amount is due on March 27, 1986, the relevant interest Payment Data, in the amount of U.S.\$414.10.

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LUC DEBECKER (Belgian) Documenting and mapping all the palaeolithic cave paintings in Europe



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BILL LASLEY (American) Confirming a reliable method for ding threatened species of birds in captivity.



GEORGES DELAMARE (French) Rehabilitation of the paralysed by computerised, electronic sti of nerves and muscles.



KENNETH L MARTEN (American) Preservation of the Abyssinian wolf by studying its behavioural patterns and needs.



ANDRÉ MARTIN (French) Clearing forest undergrowth, to reduce fire risk and composting it into a



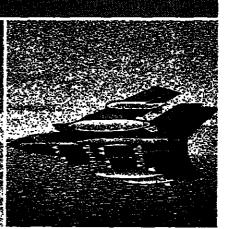
EDUARDO LLERENAS (Mexican) Establishing an accurate record of traditional folk music in the remote parts



RODNEY JACKSON (British) Radio-tracking the snow leopard to expand our knowledge of the ecology of this endangered animal.



MILAN MIRKOVIC (Australian) Desert cultivation of the jojoba plant, which produces an alternative oil to that of the endangered sperm whale



SEYMOUR MELMAN (American) An exploration of methods to convert industrial economies from military to civilian work.



THEAN SOO TEE (Malaysian) Cultivating asparagus plants on Mt. Kinabalu to inhibit soil erosion and yield a high-value crop for local farmers.



MARTINE FETTWEIS-VIENOT (Belgian) Continuing a painstaking inventory of Mayan wall paintings created between the 3rd and 15th centuries.



DONALD PERRY (American) Devising a "spider's web" so that biologists can salely research the canopy of tropical rain forests.



KENNETH HANKINSON (British) A thorough biological and geological survey of the unexplored Brabant Island in Antarctica.



MICHEL TERRASSE (French) Repopulating the Massif Central area of France with the Griffon vulture, following its extermination.

The Rolex Awards for Enterprise were inaugurated in 1976 with a single aim: To encourage the spirit of enterprise in individuals throughout the world by acknowledging outstanding personal efforts or contributions made in selected categories of human endeavour."

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The accompanying brief descriptions of winning projects from earlier years demonstrate the kind of enterprise that has impressed previous Selection Committees. The members of the current committee, listed here, are equally distinguished and will be applying the same criteria.

If your scheme falls outside the committee's

area of expertise, Rolex will call on specialists around the world to advise on the special merits of a particular case.

A hardback book about the Awards will be published, entitled "Spirit of Enterprise- The 1987 Rolex Awards," richly illustrated in colour. It will contain details of some of the best and most fascinating, stimulating and challenging ideas submitted by men and women throughout the world. The publicity given to projects by previous editions has often led to additional support from a wide range of sources.

HOW TO APPLY.

Your entry must be submitted in English on an

official application form and reach the Secretariat

before 31st March 1986. To obtain an official application form for the 1987 Rolex Awards for Enterprise, together with the rules and conditions for entry, write to: The Secretariat, The Rolex Awards for Enterprise, P.O. Box 178, 1211 Geneva 26, Switzerland.

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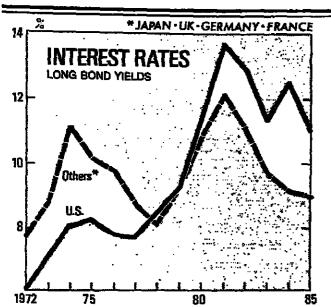
CHAIRMAN: iger (Switzerland). Chief Executive Officer and Managing Director

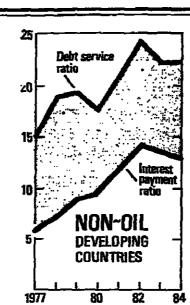
Dr. George V. B. Cochran (USA). Professor of Clinical Orthopaedics Columbia University, New York. Past President of the Explorers Club. Miss Fleur Cowles (Great Britain). Painter and authoress Member of the World Wildlife Fund International Council

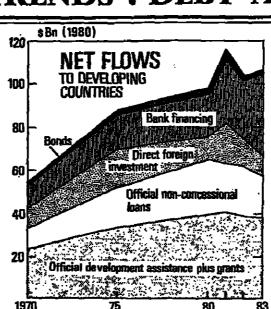
Dr. Xavier Fructus (France). Specialist in hyperbaric phys Scientific Director of COMEX, Marseilles. Professor Yoshimine Ikeda (Brazil). Oceanographer specialising in Antarctic re-Professor at the Oceanographic Institute of the University of São Paulo. Mr. Kisho Kurokawa (Japan). Architect. President of Kisho Kurokawa Architec Associates, and Director of the Institute of Social Engineering, Inc., Tokyo. Mr. Hans Joachim Panitz (FRG) Telecom

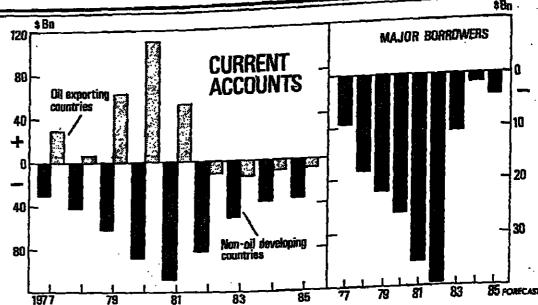
Psyload Operations Manager at the German Aerospace Establishment – DFVLR,
Professor Carlo Rubbia (Italy), Physicist and 1984 Nobel Laureate.
Project Spokesman at the CERN (European Laboratory for Particle Physics
Mr. Robert Steinuit (Belgium), Underwater archaeologist and author

STATISTICAL TRENDS: DEBT AND FINANCING









A question of interest as crisis cools

EVERAL YEARS of debt re-scheduling have taken much of the heat off the world's debt crisis but interest payments

on debt remain a problem.

The debt crisis of the early 1980s followed a doubling in the flows of capital to the developing countries between 1970 and 1981.

Lending by commercial banks increased fourfold, taking their share of new flows to 30

per cent.
This increased the exposure of the developing countries to fluctuations in the mar-ket rate of interest and made the international banking system more sensitive to shocks in the world economy.

snocks in the world economy.

The debt of non-oil developing countries climbed rapidly to reach \$750hn by 1982, and the debt service ratio (debt service payments as a proportion of exports of goods and services) rose from around 15 per cent in the mid-70s to 24.6 per cent.

The recession in the world economy which the state of the collection of the col

started after the oil price shock of 1979, hit the non-oil developing countries. World trade

fell in volume and non-oil dollar commodity prices fell by 25 per cent between 1980 and 1982.

Interest rates increased substantially in

Interest rates increased substantially in nominal and real terms.

Their current account deficits rose to \$110hn in 1981 and the financing requirement (current account plus capital outflows) shot up to \$150hn. A total of \$84hn had to be borrowed from private creditors.

The squeeze on financing forced a substantial cut in imports and loss of output leading to a series of debt reschedulings.

The turnaround in the world accounts

The turnaround in the world economy since 1982 has brought some relief. Export volumes increased by 11 per cent in 1984, and imports which fell in volume by 8 per cent in 1981-83 rose 6 per cent in 1984.

The current account deficit of the non-oil developing comprises fell explanations.

developing countries fell substantially to \$38bn in 1984 and the financing requirement at \$47bn was almost entirely matched by net exports and long-term borrowing from official creditors.

For the major borrowers* the fall in the current account deficit was even more dramatic from \$40bn in 1982 to \$1.5bn in 1984. Rescheduling has reduced the amount of short-term debt by \$30bn and the debt service ratio has fallen from 24.6 per cent to 22.5 per cent, but it remains high.

The interest payment ratio has fallen slightly from 14.3 per cent to 13 per cent—many re-scheduling arrangements do not reschedule the interest element of the loan. Interest payments now account for 80 per cent

Although interest rates have eased from the peak levels of 1981 they remain high with the continued need for deficit funding, par-ticularly in the U.S. Thus the interest payment ratio is unlikely to fall in 1985. This is against the background of slower economic growth in the world economy and weakening commodity prices.

The oil-exporting countries' substantial current account surpluses of 1979-80 have be-

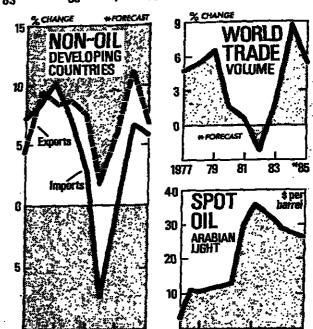
come deficits as the oil price has plumetted and their market share has fallen. There was a consequent increase in net borrowing to around \$20bn in 1983-84.

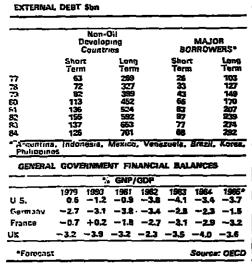
The cumulative current account of the richer countries is still well in surplus, but that of the poorer OPEC countries is estimated to have gone into deficit in 1985.

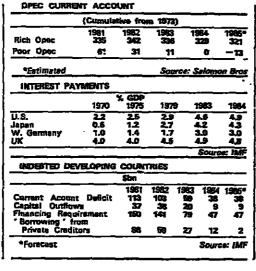
In the industrialised countries government deficits as a percentage of GDP increased in the 1970s and early 1980s before easing back in some countries following tighter fiscal policies.

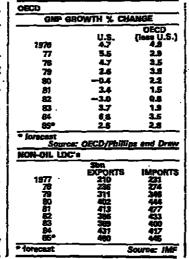
However, the effect of the public debt size (55 per cent of GDP for the EEC as a group) and the increase in interest rates on that debt, caused interest payments as a proportion of GDP to rise sharply to an average of 5 per cent for the EEC. In 1985 debt interest pay-ments could exceed net borrowing in several Enropean countries.

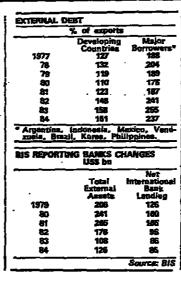
*Argentina, Indonesia, Mexico, Ver Brazil, Korea, Philippines.

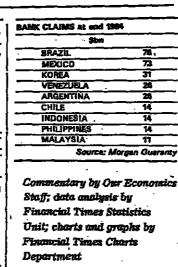




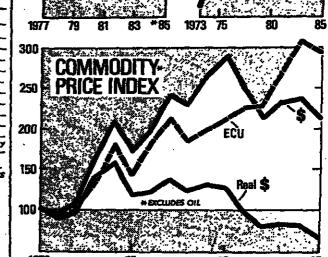








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Kinnock urges ballot fund for trade unions

BY JOHN LLOYD, INDUSTRIAL EDITOR

MR NEIL KINNOCK, the Labour leader, has given powerful support to the forces for change within the Trades Union Congress (TUC) by proposing a development fund on which unions could draw finance for ballots, as well as for education and training programmes. He also went further than he has

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gaing.

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before in agreeing in a television in-terview yesterday that a future La-bour government would prescribe ballots in law — as the 1984 Trade Union Act presently does. Asked if Labour would give ballots the force of law, Mr Kinnock said: I think there's no harm at all in that In-deed, I think there is good reason for that to be sustained in law."

In earlier comments to industrial journalists, he had said. "Compulso-ry ballots are a source of industrial inflammation", but added that "it would be unthinkable for the Labour Party or a Labour government to diminish the power individual trade unionists can exercise in a

Mr Kinnock forecast that the TUC would soon hold a conference on the union's attitude to labour law a number of leading TUC figures are now pressing for this – and said he would welcome such a move.

The ballot issue, which overshadowed the TUC Congress earlier this month, will be revived at least once more this week at the Labour party conference when the executives of the two craft unions committed to taking money for postal ballots -the engineers and the electricians meet on Wednesday night to determine their future action in light of a TUC general council dictum to break off from any further applications for state aid for ballots.

It is expected that the engineers' executive will decide to recommend to its 1m members to vote once more for the state aid in a second ballot on the issue in November. The electricians executive is also expected to reaffirm its decision to take the money once its application for it - subject to lengthy delay has been-approved by the certifica-

Mr Kinnock described the Government's employment legislation as "conceived in prejudice and ap-plied with malice," but he is now in clear support of an approach to future labour law which incorporates some of the individual balloting rights introduced, in particular, in

His approach is echoed in a dis-



day by Mr John Prescott, the per-

workers at their place of work."

Mr Kinnock's idea is to establish
a Government-financed fund to be placed under the control of the TUC which would provide money for ballots, training, education and union development. A TUC-appointed monitoring committee would be em-powered to vet applications for finance from the unions, with the main criterion being that the acceptance of such funds should not compromise the union's indepen-

He said that unions not affiliated to the TUC should also be allowed to apply for the funds from the TUC committee - provided they were genuinely independent, and judged

prepared for sale, and after an un-comfortable year in the driving seat, the Bank of England would dearly like to complete this process as quickly as possible and with the minimum of fuss.

What the bankers found was a 500m loan book, three quarters of which was either non-performing that is, repayments were not being made – or inadequately backed. The central bank's initial review sug-gested that some £248m – about wice JMB's capital - would have to be provided against possible losses. Johnson Matthey plc, the bank's parent, was unable to plug the boles

and so the rescue was launched.
In the rescue package that was put together, the parent chipped in 250m and then for £1 sold JMB to the Bank of England. The central bank put £100m on deposit (now capitalised) and provided a £150m guarantee - half of which was subsequently covered by the clearing banks, accepting houses and mem-bers of the gold market through an

So JMB was saved and became a diary of the central bank. Under the leadership of Mr Rodney Galpin, who was an executive director of the Bank of England and became acting chairman of JMB, senior bankers drawn from across the spectrum of UK financial instituions and backed up by on average 40 seconded executives were sent in to sort out the mess.

All the new team and those JMB and the new team and those Jacks staff who were not dismissed were asked to sign the Official Secrets Act. The newly appointed investi-gating auditors, Price Waterhouse, egan an exhaustive study of each

Over the year the new management has been successful in reduc-

ation the central bank has insisted that JMB's problems were restricted to its loan book which had grown tenfold in five years without an appropriate expansion of staffing and

control systems.

The well known bullion dealing operation of JMB, which was of long standing and gave the bank a seat on the five-member pricefixing body in the London gold mar-ket, has not been an area of concern. Its executive director, Mr Patrick Smith, is the only survivor at that level at JMB.

Bullion dealing was also by far the biggest contributor to the bank's profits. Almost 90 per cent of pre-tax profits in the five years to March 1984 came from the dealing area. However, in an effort to diversify its range of activities, JMB launched in 1981 a planned expansion of its loan book. Insurance and futures trading were also earmarked for growth.

would be to concentrate on interna-tional trade, property and smaller UK commercial and industrial loan finance. A high-risk profile was adopted (as, usually, were somewhat higher interest rates) and, as the word got round that JMB was in the loan business, several who had found difficulty in raising funds elsewhere made their way to the

groups and in certain sectors. The

on exposures – for example, the group of companies belonging to Mr Mahmoud Sipra (bulk commodity, scrap iron, shipping and film projects) alone owed \$70m against JMB's capital base of £130m. failed to meet repayments under a rescheduling agreement) and Mr Michael Henker (who through Ra-vensbury Investments borrowed

Of the five leading borrowing groups, three were found to have problems - in addition to Mr Sipra, the Imam brothers with loans to-

£2.25m from JMB for various devel-opments - £1.5m of which is still talling \$37m and Mr Abdul Shamji's owed on a failed South Wales super-

Gomba group with a total exposure

ing with relatives or members of

the same community.
While some of this debt might be recovered following a general rescheduling agreement for Nigeria

Sethia whose Esal commodity trad-ing house collapsed in February 1984. He is now detained in India on The result, as Price Waterhouse fraud charges involving a total of found out after the takeover, was a \$300m of which JMB is owed some loan book heavily concentrated on \$20m. Mr U. C. Golecha of Berg & Sons (no relation to V. Berg & Sons) owes some Clim and an American

The mana systems at JMB appear to have been outgrown by the mushroom-ing loans. The credit committee (which consisted of all four executive directors plus up to three de-partment heads, met each Tuesday and sent minutes to both the board of the bank and of the parent) did not co-ordinate with the assistant manager who sent off the returns to the Bank of England.

These quarterly returns should have detailed all exposures by customer and sector. But JMB's accounting system was not specific enough on the connections between various borrowings. The credit committee may not have reported the full extent of exposures to the boards.

Certainly the senior staff in the pre-rescue JMB banking departcers handled up to 100 customers while the norm in most banks department's total staff was 63 before the takeover of whom 50 re-

Heading the banking side of JMB was Mr Ian Robert Fraser who had worked in the same department since joining the bank in 1971.

Some blame for the problem loans has clearly to be directed towards.

The attraction of JMB has to be the sound bulken business and the

has clearly to be directed towards the sound bullion business and the him. However, the "outbreak of seat in the important gold "ring" systematic incompetence" which (that meets twice daily to "fix" the

price of gold) that goes with it. If there is a break-up, then one option would be to sell the loan book as a counted price. Among the pressures for a speedy resolution - other than the understandable desire of many banks to get back 40 or so officers on secondment to JMB - are the political ones. Not only the opposition in parliament but also the Treasury will be making noises if progress

appears slow. Împortant also before any sale will be some moves to resolve outstanding litigation (especially that between JMB and its former auditors Arthur Young) and a clean bill of health from the City of London Fraud Squad which is assisting the

Bank of England in an investiga-tion into whether there was any fraud by JMB employees. So far, there is nothing very firm the new management argues oc-curred at JMB must involve others. Baring Brothers, the merchant bankers, have been retained to ad-

vise on this. Five parties, among 40 who came forward just after the have expressed continued interest. Looking ahead the most likely sale period would appear to be during the first three months of 1986. No sale will be possible before Price Waterhouse completes its audit of JMB for the 15 months to June the report on which is due "late December, early January." For the moment providing an outer bound is March 31 1986 when the indemnity agreement with the banking community runs out. This could be extended but it might be politic not to

Helicopter engine optimism

ROLLS-ROYCE has eight running prototypes of a new helicopter jet engine being developed with Turcan capture "50 per cent, or perhaps more" of the world military helicop-

Apache helicopters.

The engine is being developed for a wide range of future helicopters, including for the RAF the AST-404. Rolls-Royce yesterday sought to play down reports suggesting that it looked certain to win the U.S. military contracts and that it hoped that initial orders for contracts underlined by Mr Alan Haddon, the duce the dangers of nuclear war worth up to \$1.5bn would get under

> It said that a BlackHawk fitted with the unit would start test flights next year, but that "we have no way

Although Rolls-Royce and Turcal, feasible programme for the Union of West Germany is also inthe U.S. is also likely to be involve

lisher of Mirror Group Newspapers, may have to give up his director-ship of Central Independent Television because of his satellite television plans.

people looking to Labour for leader showing some apprehension over ship and for hope. They look to us the possibility of rows developing

He dismissed the Thatcher Gov- we propose - that frightens our op-

the "hysterical, ignorant and prejudiced" newspaper response last week to his latest economic policy statements. He challenged the edi-

years ago."

The lact that they had an enough to attack Labour's policy on the cient for Labour to just oppose un-employment. "We must be for em-no coincidence, he claimed. "Rationployment. It is not enough to be-moan recession. We must be for the word of command from Central Conservative Office various papers clicked their heels and jumped

ter market, according to Mr Gordon

Page, Rolls-Royce engines director.
The RTM-322 engine, involving an investment of £100m, could win orders worth hundreds of millions of dollars, particularly if the U.S. armed forces opt for it to re-engine their existing large fleets of Sikorsky, Black Hawk and Hughes

way next year.

of knowing where the U.S. military contracts will finally be placed."

bomeca are the main partners in the project, Motoren und Turbinen volved under a European Small Engines Co-operation Agreement signed in April, Pratt & Whitney of in the engine's sales, or possibly production under licence in the U.S. ☐ MR ROBERT MAXWELL, pub-

The Independent Broadcasting Authority (IBA) has told Mr Max-well that he cannot remain as a Central director if he goes ahead with plans to take a 20 per cent stake in the company which will op-erate France's direct broadcasting

satellite TDF 1, which is due to b launched in July. Mr Maxwell's Pergamon Press holds 13.8 per cent of the shares in contractor for the East and West

FEARS of damaging pre-privati-sation pay disputes at British Air-ways have grown after decisions by the airline's 6,700 engineering and maintenance workers to reject a third consecutive two-year settle

ment.
The 3,000 craft grade engineer have been called to a mass meeting today which looks likely to delay some flights from London's Heath-

□ ROYAL Bank of Scotland opene for business today as a merged enti-ty with its former English sub-sidiary, the Williams & Glyn's Bank. It claims to be the only UK bank providing a service spanning the whole country.

☐ UNION leaders at Vauxhall will this week ask the company's 15,000 mandate to call for industrial ac tion, after the breakdown of the la est round of pay talks.

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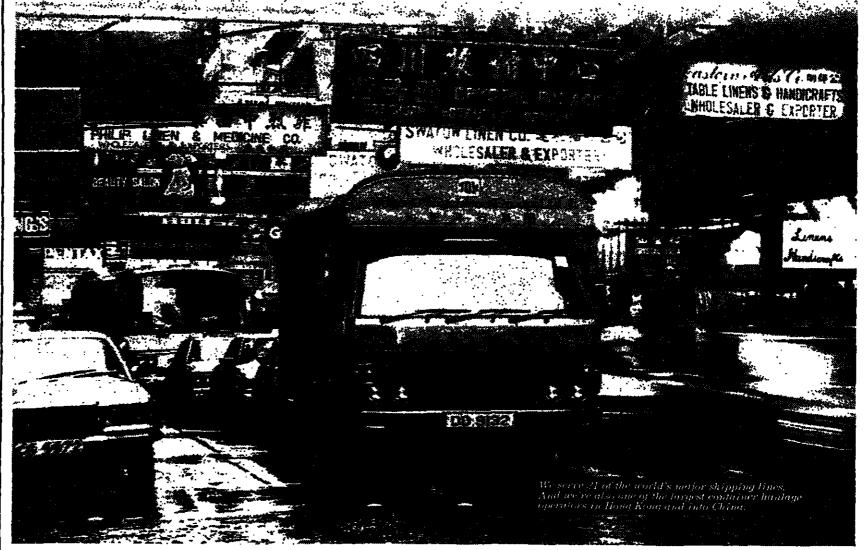
While imports account for a major part of JDH's turnover, exports are growing in leaps and bounds. Trade with China doubled last year and will undoubtedly double again this year.

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Mr Neil Kinnock

ty's employment spokesman. The document, Planning for Full Employment, proposes free postage for ballots as in parliamentary elec-tions; and advances the case for a Workers Rights Bill to "extend the democratic rights and freedoms of

to be so by the Government cussion document launched yester- appointed Certification Officer.

Labour hears plea for party unity

BY IVOR OWEN AND MARGARET VAN HATTEM

PERILS FACING the Labour Party for prosperity and for equality." The if it was unable to shed its reputa-tion for disunity and division were ernment would do would be to reparty chairman, in his opening address to Labour's annual conference which opened at Bournemouth tests and cancelling the Trident

He emphasised that the lesson to be drawn from the successive gen-Chancellor of the Exchequer, yeseral election defeats in 1979 and terday launched his own conference 1983 was that it was necessary to earn and re-earn the loyalty of concentrate on developing a practi-

the Amalgamated Society of Boiler- be sidetracked into minor issues. makers, Shipwrights, Blacksmiths and Structural Workers, claimed he said - drawing no distinction bethat Labour had the opportunity to tween those from outside the party regain public support because the and those from within - came from present government had "lost touch those who recognised that with so many people." While political power need not be won at the Mr Hattersley was speak cal power need not be won at the expense of principle it could not be meeting of the Labour Solidarity

no sectarian prejudices, no fac- be ruled by the need to win the next tional diversions, no personality clashes, no misconceived and selfour task - victory in the next gen-Mr Haddon maintained that the

conference opened with the British people looking to Labour for leaderbecause they want a government with a programme for economic re- the Liverpool council issue, which covery to banish mass unem-

ment to attack poverty, to halt the policy. crisis in the inner cities and to reernment as a "monetarism-obsessed faction" which did not share the concern of the people about unemployment and the present scale of poverty and inequality.

This is a government which has created, in unemployment and poverty, mass suffering on a scale no one would have thought possible 20 the Sun and The Times – to subyears ago, 10 years ago, or even six stantiate their criticisms.

"It is not enough to oppose po-verty and inequality. We must be

missile system. week with an appeal to delegates to working people every generation. cal, feasible programme for the Mr Haddon, a leading member of next Labour government, and not to

those who recognised that power

won without unity. Campaign, at which Mr Gerald
Mr Haddon said: "We have the Kaufman, Shadow Home Secreleader, we have the parliamentar-ians, we have the policies. Nothing their behaviour over the next week

"We must all ask ourselves – will ish private enterprises and no petty what I say and do help Labour win differences must deflect us from the next election?" he said. "If it's not relevant to a Labour victory, then don't do it, don't say it," he

Labour leaders were yesterday on such issues as black sections and would influence public perceptions ployment."

The British people also look to
Labour, he said, because they wantad a povernment with a commitcentrate on the detail of party

build the health and social services. ty and sheer common sense of what

It was this fear that had produced

The fact that they had all chosen

Bank works for quick end to JMB saga EXACTLY a year ago a team of ing the total of loans by £100m to British bankers was recovering reach the present £400m figure. from a night spent checking the books of Johnson Matthey Bankers. bad or doubtful against which Today the troubled bank is being £220m is being provided in case of the property of the party of the party

losses. The provisions figure has fallen from the original estimated requirement of £248m.

From the start of the rescue operation

The bank's rolling five-year plan made clear that the lending policy

Lloyds Avenue bank headquarters.
The result, as Price Waterhouse

The second secon

Terry Povey looks at efforts to untangle the affairs of Johnson Matthey Bankers, and prepare the bank for sale a year after its collapse

Then there were the many trade finance deals with Nigeria. On October 1 last year the total exposure in this area was over £120m - which has now been reduced to some £90m and has been two thirds (that is £80m) provided for in the £220 total. Most of this business was conducted by entrepreneurs originating from the Sind province of Pakistan. Many of these did their trad-

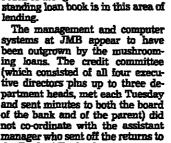
and more again from the Export Credits Guarantee Department, JMB is taking a very cautious view of these prospects given the poor documentation and suspected breaches in terms and conditions of insurance policies or contracts. Another debtor is Mr Rajendra

major borrowers had also greatly citizen obtained £15m for a South secondees have been added.

market development scheme). Much of the "good" £90m in the out-standing loan book is in this area of

On the property side the position

seems better. The uncertainties inchide Mr Shamji (who this summer



Mr Rodney Galpin In addition, but not uncommonly for smaller banks, JMB had no finance director. Internal auditing appears to have been lax. A sum of £9.8m has been found to have been credited to the bank as interest income over a two-year period but not

debited to customer accounts. The

contribution to JMB's pre-tax prof-

its from the banking side in the five years to March 1984 totalled £8.5m. Before JMB can be sold there are still many obstacles to be cleared, and two strategic decisions will be required. Will JMB be sold intact or broken up and, if so, how will it be priced? The Bank of England must also consider what kind of licence will be held by any buyer. At the ask to do so.

UK NEWS

Harsh weather has dealt a heavy blow to wine prospects. Andrew Taylor reports

English vineyards facing a bitter harvest

LINES OF VINES stand on the produce in a good year, none the slopes above the Kent village of less, English wine is growing in rep-Lamberhurst. Harvest will not take utation and not just on novelty or place for several weeks but the patriotic grounds plants are in poor shape. It has not been a good year for English that it is expensive, is stocked by

largest commercial vineyard, cover London botels. It can be found ining 50 acres. It already knows that creasingly in wine bars and on the table 1965 harvest will yield less than shelves of wine marchants. half of what it would expect to English vineyards took three of achieve in a good year. At best it the top four places in an interna-

will turn into a disaster will depend The vagaries of the British cli-upon how the weather behaves dur-mate, however, do not favour the ing the next six to eight weeks. A wine grower. The grape is about the hard early frost could finish the last fruit to be harvested by the grapes on the vines. Heavy persistKent pickers who, for generations, ent rain could cause some of the have traced the Kentish summer

It is frustrating for English wine ries, hops and apples.

production which, after two excelient harvests producing quality as grapes smaller and the bunches of well as quantity, had started to fruit less plentiful. There are gaps

England, mostly in the south part of Herr Karl Heinz Johner, the the country. These were thought to West German winemaster at Lamhave produced more than 3m bot-berhurst – its 1984 Schonburger tles of wine during the record har- was recently named English wine

several supermarket chains, it is Lamberhurst is about 45 miles drunk in the Houses of Parliament south of London, and has Britain's and is available at a number of top

will be a quarter of the record crop tional wine tasting organised last of 1983.

Whether a disappointing harvest Wine magazine.

perries to rot, further reducing the through the soft fruits like strawberries and raspberries to the che-

come of age.

A survey by Ministry of Agriculplants have died; a legacy of bitterly ture officials last autumn showed cold spells in January and February that there were more than 1,000 when temperatures in that part of ercial vineyards in Kent dropped to -20 degrees C.

vest of 1963. of the year - says. "After two very This may be no more than a good fruit-producing years, the French or German village might plants lacked the strength to with-

"It is the same on the Continent. Vineyards around Wurzburg in Franconia are talking about yields down as low as 10 per cent on nor-mal years. Around Baden yields are

Grapes need warmth to achieve their full potential and a poor Brit-ish summer has not helped fruit de-

We are hoping for a period of warm weather, to raise the sugar content of the berries in the hope

1985 will show a further profit, al-though smaller than in the previous year. Next year the vineyard could move back into the red. Not all English vineyards suf-

fered as badly last year. Wootton vineyard on six acres near Shepton Mallet, Somerset, says that temperatures there did not drop as low as in parts of Kent and East Anglia. As a result, fruit formation is good but the berries are small because of the poor summer. Yields will be down but Wootton, like Lan-berhurst, is hoping that this will be made up in this quality of the

Ms Gay Biddlecombe, owner of St George's English wines, a 20-acre vineyard at Heathfield, East Sussex, tells a similar story: "We only lost four vines as a result of the winter, but the poor summer has meant that the fruit is small The crop will not be as heavy as the two

St George's says demand for Encontent of the grape since high sugish wines has been boosted by the gar means high alcohol and a good scandal over the discovery that some Austrian wines contained the prohibited chemical additive, dieth-

Mr Kenneth McAlpine, a thrector of Sir Robert McAlpine, the construction group, owns the Lamber-hurst label. He started planting vines in 1972 but, because of the high level of capital investment and the length of time it takes for vines to reach full maturity, did not make his first profit until 1983/84.

Results for the year to September yiene glycol.

St George's sells at the quality end of the market. Its customers include National Westminster Bank and several finance houses in the City of London. The Dutch Enhance the Dutch Enhance the Construction group in Japan.

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The MG Montego's velvet velocity propels you from 0-60 mph in a fraction over seven seconds and promises a top speed of 126 mph.*

The massive 150 bhp performance derives from the addition of a 10 psi Garrett T3 turbocharger to the "O" series 2 litre engine.

At 70 mph you'll be ticking over at only 2700 rpm. Which means you've 3200 revs left to play with at the top end.

While dawdling at 30 mph won't rattle your bones in fifth

gear, either. To match this potent driving force the MG Turbo sits firmly but smoothly on the uprated and strengthened Montego suspension system, described by those who write about cars for a living as making this one of the best balanced cars in its class.

The high ratio steering is power assisted, designed for fast work and provides a nimbleness and agility more akin to a formula one than a family saloon.

ISTHERE SOMEWHERE NICETOSITWHILEALL THIS IS GOING ON?

In order to satisfy their lust for power, many high performance machines sacrifice more than a little in the accommodation area. Not so the new MG Montego Turbo.

To begin with, you've electric windows all round and electrically operated and heated door mirrors, a four speaker electronic stereo system and wall to wall carpeting, everywhere includ-ing the boot floor and side casings.

Standard interior refinements are many and meticulously installed.

There are reading lamps and a cigar lighter in the rear, purposebuilt storage for cassettes in the glove box, the rear doors operate courtesy lamps and, above it all, a slide and tilt steel sunroof.

Outside are additional front and rear spoilers and colour keyed door mirrors and door handles.

In addition, as if you needed reminding of the MG Montego Turbo's pulsating performance there are turbo decals on the bonnet and doors. Discreet but emphatic.

If all this sounds like an MG more than worthy of the name,

And, at around £10,600 the new MG Montego Turbo offers a unique combination of economic good sense and an unrival-

led driving experience.
The new MG Montego Turbo
may have taken all of sixty one years to arrive but we guarantee thatifyou drive one, you won't be



Quality of wine depends to a previous years."

large extent on the natural sugar

St George's sa wine requires 9 to 11 per cent alcoexpected to be around 40 to 50 per Mr Kenneth McAlpine, a director

cent lower." velopment after the ravages of the

Housing repair crisis 'avoided by Germany'

INNER-CITY housing in West Gertention" to the long-term costs of many is better built and better cheap house-building, the report ined than in Britain - but its adds. citizens have to pay more for the privilege, according to a comparative study of housing in the two Under West German housing poli-

the second world war, says the re-port by Mr Chris Crouch, senior lec-By contrast, 30 per cent of I urer at Liverpool Polytechnic.

West Germany is also richer than Britain and has been able consistently to spend more on building and naintenance, says the report.

maintenance, has avoided the hous-

Countries published today.

West Germany has the advantage proper working of the market. Subof having rebuilt much of its houssidies are paid to compensate for ing stock and infrastructure after gaps in market provision or to alle

By contrast, 30 per cent of British housing is built by the state and allocated on the basis of need, cutting

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DECEMBER LANGUAGE

The state of the state of

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West German housing, whether subsidised or not, is largely built There is little doubt that German housing has historically been built to higher physical standards. This fact, together with sustained previously has available to little to magazy and let by private companies and individuals, "making for a variety of style, price and tenure in a particular research to little to make the private companies and let by private companies and individuals, "making for a variety of style, price and tenure in a particular research to little to make the private companies and let by private companies and individuals, "making for a variety of style, price and tenure in a particular research to little, and let by private companies and individuals, "making for a variety of style, price and tenure in a particular research to little, and let by private companies and individuals, "making for a variety of style, price and tenure in a particular research to little to be a private companies and let by private companies and let by private companies and individuals, "making for a variety of style, price and tenure in a particular research to little, to be a particular research to little, to be a private companies and let by private companies and individuals, "making for a variety of style, price and tenure in a particular research to little, to be a particular research to little, and let by private companies and individuals, "making for a variety of style, price and tenure in a particular research to little, and let by private companies and let by private com maintenance, has avoided the hous-ing repair crisis that so badly af-fects British housing today.

British was paying "too little at-Bloomsbury Square, London WCI.

Monetary policy 'will ease by end of year'

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

UK MONETARY policy remains rest rates in the first half of this tight and is expected to ease by the year, the Liverpool group forecasts end of the year, says Professor Pathat the UK economy will show a trick Minford, head of Liverpool strong recovery this year, with eco-University's economic research nomic growth about 3% per cent

group, in his quarterly bulletin out higher than in 1984.

The Liverpool group, which follows a strongly monetarist aptairly rapidly with the Treasury bill proach, expects the economy to contact (the short-term rate at which the treasury bill proach, expects the economy to contact (the short-term rate at which the treasury bill proach, expects the economy to contact the treasure of the treasure

the Treasury borrows from the about 3 to 3% per cent a year a sustained rate of money markets) falling to just uneed of the decade, with inflation reder 9 per cent on average next year maining at 3 per cent or less thring compared with 11% per cent this the period and unemployment failing by 700,000 over the period to 1.5m.



r down - MC Andrew Larra, Place Long, 20 April 19 angle a party of the property of the propert



Product development

New breakfast menus from Battle Creek

TREY ALL laughed at Kellogg another half dozen between in the late 1970s, when most of them, bringing the total of the U.S. food industry was setting off on a diversification than double the usual number. spree into new product areas and non-foods. Competitors, pundits and analysts agreed that the world's leading breakfast cereal maker was going to end

at the end of the decade.

General Foods and General

Mills were chipping away at Kellogg's market share, consumers were feeting the pinch of recession and switching to generics. The anti-sugar lobby. with support from the Federal Trade Commission, was trying to ben TV commercials for

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Nor was the company's con-fidence helped by an anti-trust-case in which it stood accused case in which it stood accused by the FTC of operating a "shared monopoly" in cereals with General Foods and General Mills. Started in 1971, the case anally fizzled out in 1982.

Kellogg shopped around, moving in a relatively modest way into areas such as ten and frozen fruit pies, and making a few desultory offers for other food companies. But even then it was formulating its strategy for the 1980s. The first principle was that it would stick to what it knew best—grain-based products. It still earns about three from breakfast cereals, of which about 20 per cent comes from

As the U.S. birth rate fell, Kellogs set about tackling the older generation. Overall sverage consumption of cereals in the U.S. was 8.6 lb a year in 1979. Among the under-25s at was 11 lb and the 25to-50-

Neither the pundlin nor Kellogg have been proved wholly right so far. The com-pany's earnings and dividends have continued to rise, as they have each year since the mid-1950s. It is still leader in the and for retailers' own-label lines.

Company executives now confess that their detractors had them wondering for a time. Much of what they said was true. Market growth had slowed from 7 per cent a year in the early 1970s to about 2 manufacture. We work is still leader in the work is major markets, and this work is major markets and the work is major markets.

Chris Parkes reports on

relentless a whole grain product sweetene with Nutrasweet (aspartame) which aims at the customer seeking more fibre and less sugar. Coming up is an old favourite with a new recipe: All Bran with extra fibre and Nutrainnovation drive

and the 25-to-50 group is said eating only about 6 ib. The upshot has been a continuing and costly cycle of new leanches and counter-launches in the industry. Kellogg has doubled its annual launch rate

in the past two years.

However, unlike its main competitors, it has not been diverted by mishaps in unfamiliar product areas, and its early decision to stick to cereal. women. TV commercials show elderly people eating Apple Raisin Crisp. On British TV Steve Cram is seen bounding around the mountains full of the glucose-laden Start cereal. The object goes beyond the simple design of aiming a product at a specific market. Once the product is in the house, the company argues, then all members of the family will try them. The U.S. food market offers has given it something of a head start.

head start.

Kellogg sims to maintain and extend its lead at home and abroad through its notably aggressive marketing department and especially through the efforts of its top secret research and development building at the second development building at the second sec

British are henorary Pitts-burghers, Average UK con-sumption last year was 12.4 lb of cereals a head—the equivalent of 11 large packets—and 6 per cent-higher than in 1983.

IF THE citizens of Pitts burgh consume an annual 13 b of cereals each, then the

The cornflake habit has grown steadily since the com-pany opened its first factory in the UK in 1928. Annual growth has averaged abnost 3 per cept since the mid-1960s as the traditional cooked breakfast has faded. It has been given a boost more recently by pre-fibre propa

underlines the strength of the company's commitment. Its main target remains the

U.S. market, where Christopher McNaughton, head of the U.S.

cereals division, still sees enor-hous scope for growth. He has a distinctly jaundiced view of

a distinctly jaundiced view of the traditional concept of a "sat-urated" market. While average consumption of cereals in the U.S. is about 9 ib a head, in Pittsburgh the figure reaches 13 lb, and he sees no reason why the whole of the country should not become a nation of Pittsburghers.

Pittsburghers.
Cornflakes is still Kellogg's main product in the U.S. and, despite the continuing war against sugar, Frosted Flakes

(Frosties to Europeans and Zucaritas in Mexico) is still

number two in the rankings. But these and others of the com-

pany's main lines traditionally appeal to mostly younger members of the community. Faced with an ageing population, the company must find new markets

and create new products to fil'

In the U.S. in the recent past

Just Right, which includes

100 per cent of the U.S. Government's recommended daily

average intake of nine vitamins plus iron and sine, is pitched at women. TV commercials show

The U.S. food market offers extravagant rewards for suc-

it has introduced Nutri-Grain a whole grain product sweetene

Kellogg now claims 43 per

The growth of the cornflake habit

cent of the total ready-to-eat market in Britain, way ahead of Weetabix's 17 per cent. However, it faces a strong challenge from the own-brands, which last year accounted for about 18 per cent of total business.

It has shown a similar performance in its other long-established markets such as Australia and Canada, where the company launched its first overseas manufacturing venoverseas man tures in 1924.

Given these experiences, it holds out high hopes for the new ground it is breaking elsewhere in the world,

Scandinavia has been par-ticularly rewarding, with the Danes and the Swedes now eating well over 4 lb a head. But, Britain apart, progress-has been sticky in the more populous parts of Western Europe which offer the pros-pect of the bulky turnover rates the company seeks. The

rates the company seeks. The West Germans eat twice as much breakfast cereal as the French, but this is small com-fort considering that the average Frenchman's annual intake is still measured in

McNaughton is undeterred. "Almost all the governments

Kellogg's

in the world are endorsing increased consumption of cereals and stressing the fibre

cereals and stressing the fibre aspect." he says triumphantily.

"This focus on nutrition and health has given our business a big third party boost."

Kellogg's confidence is reflected in heavy investment in factories in Denmark, West Germany and Spain, all of which McNanghton classifies as good or potentially good as good or potentially good markets. The people have relatively high incomes to afford the preduct and milk supplies are plentiful and cheap. Detecting that health propagands is effecting a

U.S. Cereals market share

Kellogg's

shift from the traditional German breakfast of cheese and processed meat, he views the Federal Republic as "an outstanding opportunity."

The company also has high ambitions elsewhere. It has factories in six Central and Latin American countries, South Korea, and even a brown rice processing plant in Japan turning out Genmai Flakes. In Africa, Kellogg has long term plans to spread its operations from South Africa to the whole continent.

Wherever it goes, however, the ground rules remain the same. "We create products to a desired consumption profile to fit age, social and health needs," McNaughton

NET SALES



punch. A budget which allows out," recalls McNaughton. He it to spend \$20m on each new puts part of the blame on the product's U.S. marketing in the failure of the film makers to first year alone pitches the new-keep the series going strongly comer high in the public con-

This may intimidate the opposition, but it also ensures that sition, but it also ensures that of the responsibility lies at Kelthe Kellogg market and product research is kept finely tuned. It has made its share of mistakes. Raisins, Rice & to know best. The blunder still rankles, is looking distinctly poorly. Says McNaughton: "If the U.S. consumer decides he doesn't want rye for breakfast, lic affairs. "It is not healthy for the industry to bring out recommend. then there is nothing we can do about it."

if was 11 lb and the 25-to-50. and development building at year-olds averaged about 5.4 lb. Fort Custer, a couple of miles setting its sights mainly on the 80m people in this section of society, it planned to boost the national average to 12 lb by this year.

It bounced straight in with five new products in 1979, when other manufacturers launched restrictions and development building at extravagant rewards for successful innovators and Kellogg The market was certainly rationale. It was the antithesis is innovating with a will. While ready for C3PO's, a pre-sweet there is always the threat of our whole approach."

That there are only about a mento products appearing from among the competition, the market was certainly rationale. It was the antithesis of our whole approach."

The company is clearly hopology the company is first threat of the market was certainly rationale. It was the antithes of our whole approach."

That there are only about a mento products appearing from among the competition, the market was certainly rationale. It was the antithes of our whole approach."

The company is clearly hopology to the star was certainly rationale. It was the antithes of our whole approach."

as the many Star Wars character licensees had expected. But he is ready to admit that most of the responsibility lies at Kel-

the industry to bring out pro-ducts which have no consumer rationale. It was the antithesis

It considers the money better

spent in the R&D building. where, according to McNaugh ton, expenditure has increased four-to-five fold over the past few years. The insatiable de-mand for new products for the U.S. market is easily matched by management demands for cereals to tempt the masses in the world outside.

Rye did not work in the U.S., but it might appeal elsewhere. Stitutes.
There are many other grains McNat which might suit the Kellogg treatment and a thousand other markets as yet untried. The company stoutly defends its efforts in the third world. To opportunities the developing world has for feeding itself.

population increases," says Stewart. Processing costs for meat and other conventional markets and unlikely to come

Kellogg, in co-operation with other specialist companies, is already working on biotechno-logical methods for increasing the protein content of grain. For areas where milk is not available it is working on sub-

1983

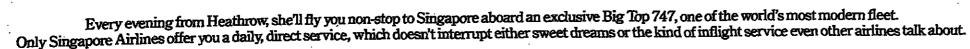
McNaughton is convinced that this single-minded approach to corn grits and its cereal cousins is correct. Pressure to diversify did bring about some efforts in the third world. To changes—the company also the unkind jibe that its packag-ing is as nutritious as the corn-and waffles and more recently flakes inside, it replies that it has joined the fringes of the grain represents one of the few granola bar business. In gen- ably stable management. Most pportunities the developing eral, however, it has kept its of the seniorid has for feeding itself. head down because of the diffibeen with the "Other protein sources are culty of finding acquisitions at to 40 years.

as C-3PO and his pal R-2D2, the not going to keep pace with the right price to match or even animated dustbin. population increases," says approach its own average return approach its own average return on equity of 28 per cent.

Kellogg's main competitor, General Mills, is in turnoil at present as it retrests from the corpse-strewn toy market. Monopoly, children's records, Next balls and Boggle blended ill with Wheaties and Betty Crocker foods. In the meantime, it has lost market share in cereals. General Foods has also seen its market share slide.

Once the diversions are behind them these companies are certain to start fighting back. But Kellogg has the advantage of several years in which to purpoint its objectives and develop the intrastructure which will help it attain them. It also has the advantage of a remarkof the senior executives have been with the company for \$5







EDITED BY ALAN CANE

Harnessing the potential of wave power

VAST amounts of energy have needed to pay for this and the long been known to exist in the waves of the sea. But though projects to exploit it Technical Research Institute has for generating electricity have studied the effect of a ship's become common, the waves' length has on converting wave potential as a source of propulsion power for ships has only been explored more recently. A British patent using the echniques was filed in 1985, and now researchers, particularly in Norway and Japan, believe they have developed hydrofoils which can not only extract power from the waves but reduce pitching and rolling in roughw eather. The foils could also be poweerd,

TECHNOLOGY

screw propellers.
Sea triais last year on a 180 gross ton fishing vessel demonstrated that the Norwegian system could cut engine power requirements by about 20 percent in head waves, representing 32kW at 6 knots. Mr Einar Takaben, soning against at the second of the services of the services of the services of the services are the services of the se Jakobsen, senior engineer of Oslo's Wave Control, the company behind the scheme, believes that even this result could be improved. The trials showed that the hydrofoil's support struts offered considerable drag and he has since considered using those, too, for providing

and the claim is that they are more efficient than conventional

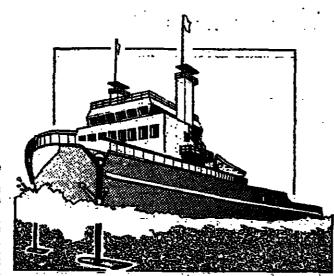
Japan's Hitachi Zosen Corporation is meanwhile seeking backing from the Japan Foun-dation for Shipbuilding dation for Shipbuilding Advancement—financed from betting levies on powerboat racing—to extend its work for two Main engine power for such were the main speakers when more years. Sea trials are a ship would normally be about engineers studying wave proplanned with a 600 deadweight 515 kW (700 bhp), Dr Isshiki pulsion gathered recently at tonne ship and US\$ 250,000 is estimated, giving a speed in University College, London.

length has on converting wave energy into propulsion. Tests with a two metre model showed that head waves with a 2.2m wavelength gave the highest speeds. Full-scale wave powered ships would therefore need to be designed to suit their par-

Researchers are developing ways of using hydrofoils to propel ships by extracting wave power,

reports Paul Gunton

for the Japan-U.S. route and found that the commonest waves were ones at six second intervals, closely followed by waves of eight seconds. Their respective energies represented 11.7 kW and 20.6 kW for each metre of wave, so he proposed to concentrate on the eight second waves, which have a wavelength of 100m. His pro-posed ship would have a length posed ship would have a length cent less fuel at 17 knots and of 80m and a displacement of 9 per cent less at 21 knots. about 2,700 tonnes.



calm water of 11.4 knots. Head seas would normally reduce speed to 7.1 knots, but the waves' power could actually increase it to more than 12 "This suggests that the effect of the foil is very big,"

An analysis Mr Jakobsen com-missioned from Veritec, a Norwegian marine consultant, wave propulsion. Veritee found that at nine knots, fuel con-sumption of a 70m ship could fall by 42 per cent. The higher the speed, the smaller the effect, so while there are 21 per cent savings at 12 knots, 15 knots yields only 9 per cent. Larger ships would also see savings, Veritec concluded. A 180m vessel operating in the North Atlantic would use 35 per

Those keen on exploring the possibilities include a Strathclyde University team studying the stabilising effect of foils on offshore structures. Using their power for dynamic positioning is also part of the project. '

Reading University is another Professor Francis Farley, who arranged the London meeting, has a different approach from other teams. He argued that, since ship motions are so important to a foil's effectiveness, it would be best to establish the optimum conditions for the foil, and then design a hull to

Wave tank experiments are being conducted to measure thrust forces from a foil using computerised servo methanisms to control speed, heave and foil angle. In practical use, sensors would be needed to monitor conditons at the foil itself, continuously adjusting it for optimum output.

Paul Gunton is deputy editor of The Motor Ship,

Mark Meredith on remote control undersea vehicles Deep sea oil exploration spawns

a sophisticated breed of robot FAR BELOW the waves in off-like the Osel Group of Great shore waters, an advanced type Yarmouth or Benuico in

ing debris can really only be done with underwater robots.

Another key factor in the next wave of offshore exploration will be the expense. Oil companies will be working to much tighter budgets as they develop newer oil fields. Technology with running costs about

one quanter of that of divers has grown up in the last two years to meet this demand.

A diver plus a special support ship equipped with decompression chambers and backup costs

has grown up in the last two years to meet this demand.

A diver plus a special support ship equipped with decompression chambens and backup costs something between '\$3,000 and platforms, diversity devices for distanting between '\$3,000 and platforms, with advice from the platforms, or extended to that possibly 70 per cent of his work rates as time consuming rather than demanding — cleaning of marine growth from the platforms, for extimple.

Companies like Comex Houlder, produced the Eigenrich, a smaller version of the Disgonrich, a smaller within the template of Conoccis sharm platform, the template of Conoccis sharm platform the platform of the Disgonrich, a smaller version of the Disgonrich, a smaller of lossen a both, the vehicle field into the seabed guiding divers and run remote operated platform that the technology, while taking on a good many divers' chores, will leave them free to handle more challess worried and a recent stump in demand for their services has not belped matters.

The requirements of the North See in particular have helped Rultish-based companies operation.



its hydraulic thruster pro-pellers for manoeuverability

Attention today is on what is obligged on to that vehicle. Below Osel's Drigonfly Vehicle, for example, a whole variety of equipment can be fitted, includ-

FAR BELOW the waves in offshore waters, an advanced type
of underwater monster, the
remote-operated vehicle (ROV),
is multiplying fast.

Although used for many
years, the vehicles have now
reached such a level of sophistigation and development that,
they can take over much of the
work traditionally carried out
by divers.

Olimen in Aberdeen swear
that technology can never
replace the desterity and experience of divers, but the conditions and costs of developments
offshore in Britain is well as
other countries have concentrated efforts to improve underwater technology.

Exploration for oil is now
moving from the North Sea intothe North Atlantic, where drillships and semil-subherershible
drilling rigs will operate in
horrendous weather conditions,
and at dispths of 2,000 feet or
more. Divers usually operate at
depths of less than 1,000 feet,
which means that work on the
seahed such as installing the
guidelines for drilling equipment, changing seals and clear
ing debris can really only be
done with underwater robots.

Another key factur in the

like the Osel Group of Creat varieties of the potential
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text technology.

The Dragonity was developed
to fisher for oil is now
moving from the North Sea intothe North Atlantic, where drillships and sent subject to the
water technology.

The controls and supply lines
for the vehicles are attracting
a fight of the many
text for divers. The Dragonity

a arge number of countries and information signals to be sent down one jane. Multiplexing equipment at either end sorts out the signals passing it on the various operations. Computer developments in controls and instrumentation have radically altered the communica-



Fighting corrosion with alloy

NKR is supplying commercially a newly developed corrsion resistant steel skeet electrodulated with zine-

restordulated with sinenickel alloy.

The new sheet, EZN-UC,
was developed for the motor
car industry to replace conventional sincrometal steel
sheet coated with a sine-rick
primer. Zincrometal is used
for automobile body panels.

The new sheet was designed
to overcome the problem of
peeling or flaking of sinc powder during forming and at
the same time improving
weldability and workability.

NER's own tests show that
EZN-UC allows the formation
of red rust only slightly even
after exposure to 200 cycles
of corrosion testing over 70
days.

days.
To meet demand, NER, has commissioned a new coll coaling line at Kukuyama Works with a monthly capacity of 3,000 tonnes.

Philips heralds TV adapter for **MAC** reception

A SPECIAL adapter making it possible for conventional television sets to receive pro-grammes from broadcast satis-lites transmitting in the hear MAC standard will be ready mat grangard will be ready by the beginning of 1987; Philips Electronics claims. The adapter connects to the television set and to a para-belic (dish) aerial outside the house.

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MAC transmission prevents interference effects in picture reproduction and improves sound quality. Philips is contemplating a gradual conversion to high definition television where the picture quality will be equivalent to that of 25mm film. The MAC standard adapter is a step in that direction.

HOW WAVE PROPULSION DEVICES WORK

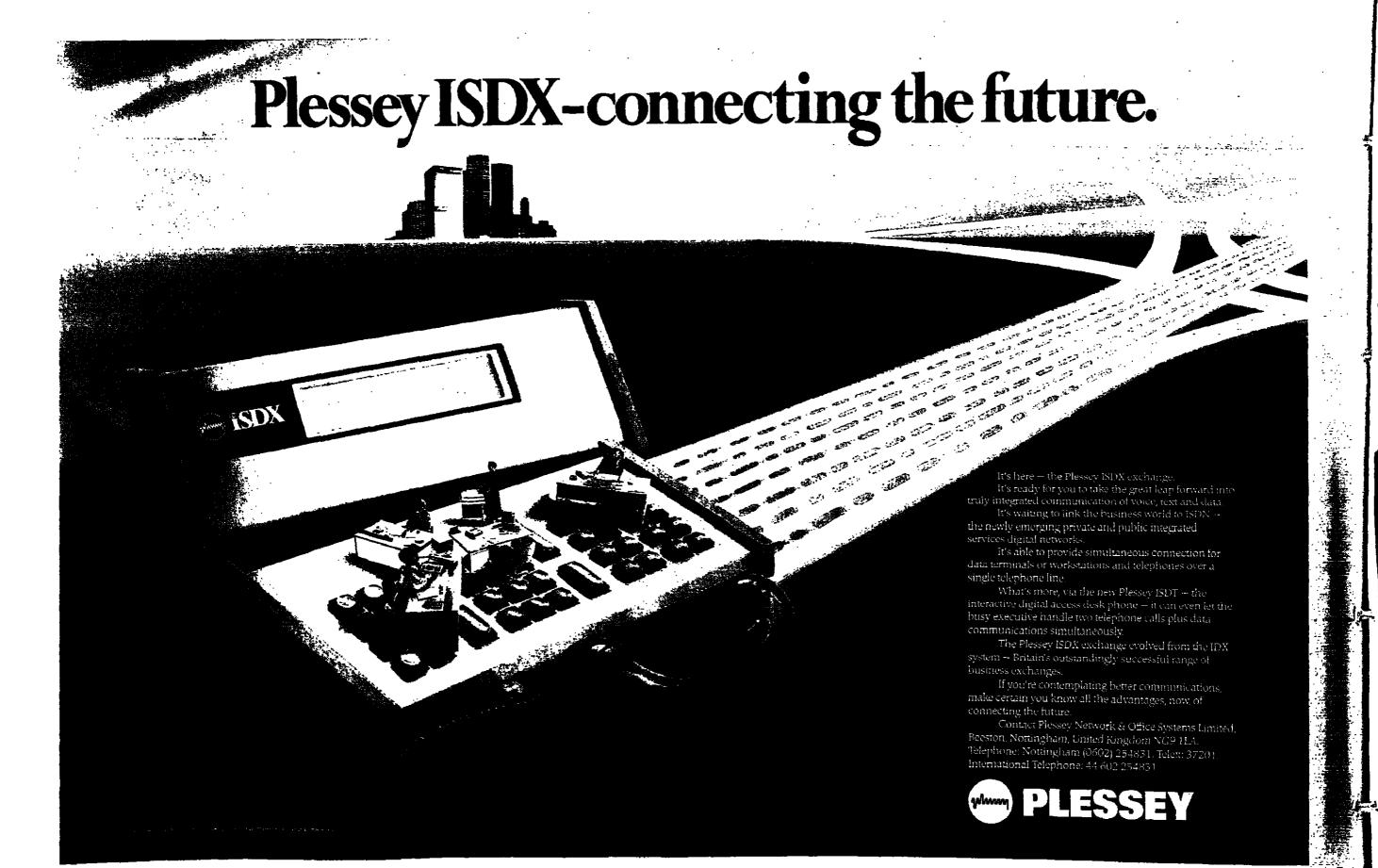
ALL the wave propulsion devices developed so far operate on the same principle. A hydrofoil, usually horizontal, is mounted below the water surface and attached to the ship. It is pivoted at the leading edge but restrained by a force which tends to return it to its

Power is extracted by using the relative motion between the foil and the water, which is a combination of the wave motion itself and the pitch.

rell and heave of the ship. As the foil moves downwards, its trailing edge deflects upwards. The restoring force keeps it at an angle of attack to the water flow, so lift is generated. The forward com-ponent is useful thrust; the vertical part acts against the ship's motion and tends to steady the vessel. On the up-ward movement, the foil deflects down, but thrust is still generated. The effect is similar to that of a gliding zerofoll; the sim is to obtain

Restraining forces can be produced either by simple spring systems, or from paedspring systems, or from puer-matic and hydraulic arrange-ments capable of adjustment to suit vessel speed. In a proposal by Reading Univer-sity, foil position would be determined from local con-ditions and fixed using serve systems to give a more pre-cise arrangement. Constant trimming would get the best from fells.

Asymmetric sections which can change shape to suit up-ward or downward motion would further improve efficiency, as would carefully designed foil shapes to minimise tip vortex losses. Work at Sweden's Chalmers University in 1982 established that the best plan shapes would have curved leading and traiting edges. The similarity between these ideal shapes and the talls of fast swimming fish and manimals has not been lost on supporters of whice propulsion.



RESOURCES REVIEW: CHINA

The long haul to self-sufficiency

By Colina MacDougall

A COUPLE of weeks ago, a lighten the burden. Neverthe-plaintive letter in Peking's less, China obviously has a very English-language paper China long way to go in the next 15 Daily grumbled that rocketing years. numbers of university students

China's development policy were consuming the nation's precious electricity by holding fry-ups in their dormitories. This is just one symptom of the This is just one symptom of the alarming shortage of power and other fuels which is hampering China's growth. This year it is worse, thanks to a lop-sided burst of development in industry in the first half of the year. Power generation was 50bn kWh short of demand this year. Qian Zhengying, Minister of Water Resources and Electric Power, declared in August. The power shortage was "very serious" everywhere in China except the far west. With total output expected to run at about 400bn kWh this year, the gravity of the situation is clear: there is no way in which China

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there is no way in which China thongen, said target for 198 deficit with present facilities.

Peking has far to go in be 1bn tons.

wranging.
The power shortage is the single biggest handleap for Chinese industry. It is not just that there are not enough power that there are not enough power stations. When 80 per cent of power is coal-generated, the knock-on effect of groaning rail transport from the coal-rich north-west is considerable. Absurdly, last year China had to ship coal into Shanghai from Australia to help make up the shortfall.

shortfall.
Peking has ambitious plans to Peking has ambitious plans to fill these gaps. A programme to develop resources to produce at least 1.2bn tons of standard coal equivalent by the year 2000 is on the stocks. This will require output of at least 1.4bn tons of raw coal, 200m tons of land 1.2bn kWh of powers the local board proposals. oil and 1.2bn kWh of power, the World Bank stated in its 1995 report on China. On these levels of growth depends China's plan to quadruple industrial and agricultural output by the end

of the century. In 1984, production was 779m tons of coal, 114m tons of oil

china's development policy since the 1970s has been to focus on coal and oil as both are exportable commodities. This has required new railway lines, one of which (Datong-Qinhuangdao) is on the way to completion. Next has come nuclear and to some agree the page of the complexity of Next has come nuclear and to some extent hydro power, since both would solve shortages in the handicapped non-coal areas of China. But as thermal plants have been soft-pedalled, there has been a marked slackening in the rates of growth of power generation.

generation.

China has no shortage of coal.
Reserves are put at around
780bn tons. Production has
already risen by over 25 per
cent since 1981. The newlyappointed Coal Minister, Yu
Hongen, said recently that the
target for 1990, the last year of
the seventh five-year plan, would
be 1bn tons.

expanding energy resources so that even students can stir their works over a modern fuel. Production of coal, power and oil is steadily rising but is hampered by old technology, inadequate transport, lack of investment and bureacratic ing out mining equipment) but ing out mining equipment) but some of the largest projects will have a sizable foreign

input.

The first Japanese Eximbenk-financed mine, with a 3m ton designed capacity, at Xiqu in Shanxi province's Gujiao field, started production earlier this year. Work has begun on the Luan mine in Shanxi with loans of \$357m, \$126m from the World Bank and the rest from World Bank and the rest from West Germany and the UN Development Programme.

National Coal Board proposals for extending the Tangshan mine in Hebei were presented earlier this year, but long delays are likely because of site problems.

problems.

However, Romanian technology has gone to the Bailong mine, which will be paid for in coal from its 1.2m ton planned and 375bn kWh of electricity. coal from its 1.2m ton planned the World Bank's report did not disagree that China's targets are the year 2000 were attainable, though it suggested that the China Southwest Energy emphasising the service sector resources able from the China Southwest Energy remphasising the service sector resources.



Women workers at a coal mine in Shanzi province.

Potentially the biggest projects are the proposed open-cast mines in Lianning and Shanxi mines in Lianning and Shanxi provinces and Inner Mongolia. Fushum in Lianning is being upgraded, with Fluor of the U.S., to produce 5m tons of coal and 10m tons of oil shale annually by 1988. The \$650m joint venture between the U.S. company Occidental's subsidiary of the product of the company of the comp diary, Island Creek Coal, was

finalised in June after years of haggling over prices and work at the Pingshuo site has begun. Sites at Huolinhe, Yiminhe, Jungaar and Yuanbaoshan, all in Inner Mongolia, have been surveyed by foreign companies Bechtel -- has a contract for a mine and coal dressing plant.

remains a problem. The Chinese need to move it from the northwest to the coast, to supply industry and the export trade. The new heavy-duty rail line from Datong in Shanxi to the port of Qinhuangdao, and a further planned west-east line, are not yet finished.

them. Foreign teams have been surveying under contract in China's far west but no finds have been reported. Several years ago China's planners blithely assumed a major bonanza offshore, and this has failed to materialise. But the transport of coal

significant finds.
For mainly political reasons, the French company Total is developing a small find in the Beiou Gulf off southern Guangdong, along with the Chinese, Three others by Esso, In contrast to China's Beibu Gulf off southern abundant supplies of coal, oil Guangdong, along with the reserves are problematic. Chinese, Three others by Esso, Modern technology imported ACT and Phillips, are mar-

into major fields like Daqing in

major discoveries to replace them. Foreign teams have been

ginally commercial. BP and Chevron-Texaco's wells in the South Yellow Sea have come up with little.

changed conditions, Peking has opened ten provinces south of the Yangtse to foreign onshore exploration. However, this is exploration. However, this is not an inviting prospect. Sichuan, where gas and oil are known to exist, is excluded. Other Chinese olifields are in the north. The probable negotiating tussles with local bureaucracies over traffic rights and the like are very off

into major fields like Daging in Heilongjiang province has stepped up output from an early-1980s plateau of around 100m tons annually to an expected 120m tons or so this year. But these fields—especially Daging, which produces around half China's output and has done so for the next 20 wears—will run So far only one foreign group has nibbled at the balt. An Aus-tralian consortium led by CSR Orient Oil Pte. Ltd. and includfor the past 20 years—will run out in the foreseeable future. These Chinese have made no orient Oil Pre. Lift. and includ-ing BHP agreed last June to ex-plore a small erea on Hainan Island, off Guangdong. China's development of

companies are pursuing consultations. China's development of China's far west but no finds have been reported. Several regions far from coel resources, years ago China's planners blithely assumed a major bonanza offshore, and this has failed to materialise.

After two years of drilling offshore, foreign companies are pursuing connucted for nuclear power, planned for nuclear power two nade before the end of 1986," At least one foreign company, kanematsu Gosho (which has reportedly invested in two power stations in Shenzhen, adjoint venture with a Chinese joint nuclear for this equipment vigour. "We may see deals made before the end of 1986," At least one foreign company, kanematsu Gosho (which has reportedly invested in two power stations in Shenzhen, adjoint venture with a Chinese joint venture with a chinese portedly invested in two power stations for the requipment suppl

ing about the price," said one

The Chinese are building a small 300 MW plant on their them a practical proposition. If own (but with some imported the plan succeeds, in a few equipment) at Qinshan near years China's power may begin Shanghai. They plan another to catch up with spiralling in (900 MW) at Jinshan, broadly dustrial demand.

in the same area. Two 1,800 MW plants with considerable foreign input are on the stocks for

Chevron-Texaco's wells in the South Yellow Sea have come up with little.

In the Bohai Gulf to the north, the French company Elf has pulled out. While the Japanese are developing small finds with the Chinese side, this is probably just to maintain good relations.

"The best area may be the East China Sea, where the Chinese are drilling on their own," Mr Harding added. "They've made two or three discoveries, but of course we don't know if they're commercial by Western standards."

Though the full implications of this disappointment still has to sink in among Canton officials who continue to build an enormous new oil centre, it is registering in Peking. A smaller number of foreign companies put in bids for the second round of drilling block allocations earlier this year, and they've made the terms tougher.

In a first response to the

on the Yangtse is under construction. So are two of the ten planned for the full Hongshul development, the 1,320 MW Tianshengiao phase I and the 1,375 MW Yantan. Two more to Yangtan also under way. in Yunnan are also under way, the 1,500 MW Mawan scheme and the 600 MW plant at

and the 600 MW plant at Lubuge (the latter with World Bank finance).

With the growing availability of coal, thermal power generation will get a new boost. According to the latest issue of the semi-official U.S. magazine China Business Review, more than two-thirds of the 30,000-40,000 WW of new capacity the 40,000 MW of new capacity the Chinese plan to add in the next five years will be coal-fired. Equipment for some 10,000 MW of this will be imported for power stations in the east coast

cities. Japanese and West German companies are pursuing con-tracts for this equipment with vigour. "We may see deals made before the end of 1986,"

more coal and better transport seem likely to be available in the foreseeable future to make

£100,000,000



FLOATING RATE DEPOSIT NOTES, **DUE 1994**

> For the three months 27th September, 1985 to 27th December, 1985

In accordance with the provisions of the Deposit Notes, notice is hereby given that the rate of interest for the above interest period has been fixed at 11¾ per cent and the interest amount payable on the 27th December, 1985 for such interest period will be £146-47 on a principal amount of £5,000 of the Deposit Notes and £1,464-73 on a principal amount of £50,000 of the Deposit Notes

Morgan Guaranty Trust Company



U.S. \$30,000,000 KOREA FIRST BANK

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Floating Rate Notes Due 1989

In accordance with the provisions of the Notes notice is hereby given that for the interest period from 30 September, 1985 to 27 March, 1986 the Notes will carry

an interest rate of 87/4% per annum. The interest payable on the relevant payment date 27 March, 1986 against Coupon No. 9 will be U.S.\$208.59. The Chase Manhattan Bank, N.A.

London, — Agent Bank. 30 September,1985



FINANCIAL TIMES MANCHESTER **AIRPORT**

SURVEY 23 OCTOBER 1985 For further details, please contact:

JOHN LEVER on 061-834-9381 FINANCIAL TIMES

A/S JYSKE BANK h accordance with the terms and distons of the Notes. Notice is eby Given that for the 6 mouth fod from April 30. 1985 to obser 31, 1985 the coupon amount U.S.\$ 10,000 will be U.S.\$ 429,72



The Chinese was refurbishing a furniture factory. Importing a large amount of foreign equipment to be paid for in hard currency. But the factory only produced for the domestic market.

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BUSINESSMAN'S DIARY UK TRADE FAIRS AND EXHIBITIONS

Current October 21.25
British Footwear Fair (01-739 International Business Show 2071) (until October 1) Olympia (01-405 6233) NEC, Birmingham October 6-18 Promotional and Incentive Mer-

October 5-11 Repro Workshop 85 — the Lon-don Printing Show (01-647 1001) Olympia

Technology Engineering Fair (61 891 5051) NEC, Birmingham October 11-13 National Franchise Exhibition (01-727 1929) Kensington Exhibition Centre

October 17-27 Motoriair '85 (01-438 9875) Earls Court **OVERSEAS TRADE FAIRS**

International Toy Exhibition and Fair—INTERPLAYEXPO (021 705 5707) (until October 6)

September 28-October 2
International Ladies Ready-towear Clothing Exhibition (Paris
(1) 268.08.40) Paris tronics and Electro Techniques
Trade Fair (01.977 4551) Vienna
October 17-18
European Marine Trade Exhibition—EMTEC (0202 687070)
October 18-27
The 1985 International

October 18-27
The 1985 International Capital
Goods Trade Fair (Cleveland
(216) 676 6000) Cleveland, Ohio

Business Conferences

surance (01-242 4111)

Barbican Centre, EC2

James Morrell Associates: Business forecasts for the motor trades to 1990 including prices and running costs (01-236 6950) Bowater Conference Centre, SW1

Metal Bulletin Conferences: EEC steel—back to a free market? (01-633 0525) Tara Rotel, W8 October 14-15

Faromoney Conferences: Export
Finance (01-236 3288)
FT Conference
Grosvenor House Hotel
fessional person October 15 Chatham House: Japan and the Pacific economy—can Europe find a role? (01-930 2233) London University, WCI

London October 16-17 FT Conference: Fourth retail banking conference—the ecoup-

Inter Continental Hotel, W1 assessment (01-236 2175)
Waldorf Hetel, WC2
October 21-22

International Products, Services Promotional and Incentive Merchandising Exhibition—PRIMEX (0622 671081)

Kensington Exhibition Centre October 8-10

INTERNEPCON Conference and Exhibition (01-391 5051)

October 8-11

Repro Workshop 85 — the Lop-

London (61-385) 1200) Olympia October 29-51 Cleaning and Maintenance Exhi-bition - EUROPACLEAN (6023 777000) Barbican Centre November 3-6 International Video and Com-munications Exhibition — IVAC (01-240 1871) Alexandra Pavillon, London November 5-7

November 5-7 November 5-7
Communications International Conference and Exhibition (01-888 4466)
Wembley Conference Centre

tion Market Exhibition—VIDCOM (01-499 2317) Cannes October 29-31 International Videntex Con-ference and Exhibition—VIDEO-TEX (61-868 4466) Assistedam

October 29-31
International Clothing Textiles
Trade Fair—INTERSTOFF (01734 0543)
Frankfurt

November 58
International Fair of Hydraulics,
Pneumatics, Industrial Robots
and Automation — AUTOMAT
ASIA (01-683 1158) Singapore (216) 676 6000) Cleveland, Ohio
October 20-24
International VideocommunicaNovember 12-16
Maritime Trade Fair—EUROPORT (01-437-2175) Amsterdam

October 1
Longman Seminars: Liability International Economic Relations: Opportunities for West trade October 1
Seminars for Secretaries: To improve motivate and reward (01-736 0134) Cafe Royal, W1
October 2
Energy Efficiency Office: Energy

Afficiency in the paper industry

October 24-25
International Herald Tribune:
Oil and money in the eightles Oil and money in the eightles (01-242 1242) Royal Garden Hotel, W8 October 29-31

October 29-31
SUBTECH *85 "Designing for
Intervention" (01-222 8658)
Aberdeen Exhibition and
Conference Centre October 30
RIBA: Options in retirement housing (01-580 5533) 66 Portland Place, W1

FT Conference: The third pro-fessional personal computer con-ference (01-821 1355)

Inter Continental Hetel, WI

International Conference for the protection of people, products and property (0727 63213) Royal Garden Hotel, W8 Nevember 4-5 mies of financial services (01-621 FT Conference: The SDL Eureka and Industry (01-621 1855) Skinners' Hall, EC4

October 16-18

Risk Research Group: Solvency

assessment (01-236 2175)

Waldorf Hotel, WCZ

November 6

CAET: Accounting, auditing and tax (01-242 6855)

Post House, Reading

November 7 FT Conference: Electronic finan-cial services (01-821 1355) agency of the future (04-236 Hotel Inter-Continental, Wi 4080) Cafe Reyal, W1 Anyone wishing to attend any of the above events is advised to telephone the organisers to ensure that there has been no change in the details published.

VENTURE CAPITAL IN 1985

—The International Outlook

Geneva, Switzerland

November 12 & 13, 1985

The Financial Times will hold a major two-day conference on venture capital which will be co-sponsored by Venture Economics Ltd. This meeting follows the highly successful FT Venture Capital conference held in Edinburgh in 1983.

A distinguished panel of American and European venture A distinguished when the capital industrialists will examine the outlook for the venture capital industry on both sides

of the Atlantic. The conference will focus on corporate venturing and its relevance to European industrial strategy. Venture capital finance, corporate development, technology transfer and the role of the universities will also be dis-

mr Stanley Pratt, the Chairman of Venture Economics, and Mr Richard Onians, Chief Executive of Baring Brothers Hambrecht & Quist, will take the chair and speakers will include: Mr Peter Brooke, Managing Partner of TA Associates: Mr Thomas Perkins, General Partner, Kleiner Perkins Caufield & Byers; Mr Harry E. Fitzgibbons, Managing Director. L F. Rothschild, Unterberg, Towhia International; Mr Voiker Doich, Chairman of the Board, Doich Logic Instruments Inc; Dr Nick Segal, Senior Partner, Segal Quince Wicksteed, and Dr Gustave Strain, Executive VicePresident for Research & Development, Rhône-Poulenc Sa. A joint presentation on the relationship between the large and small company will be given by Mr Elserino Piol, Executive Vice-President, Strategy & Development, Ing. C. Olivetti & C., S.p.A., and Mr Ted Smith, President and Chief Executive Officer, FlieNet Corporation.

THE THIRD PROFESSIONAL

PERSONAL COMPUTER

CONFERENCE

London-October 30 & 31, 1985

Dr Robb Wilmot will give the opening address to the FT's Third Professional Personal Computer Conference. Other contributors to this high-level meeting will include Mr Benjamin Rosen from Compaq Computer Corporation, Mr A E Santelli of IBM Europe, Mr R. K. Foster of Apricot Computers plc and Mr Sam Wiegand of Grid Systems Corporation.

The Financial Times Conference Organisation

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Pipeline and road work for **Galliford**

GALLIFORD GROUP has won contracts worth 512m. Galliford and Sons heads the list with awards worth 54.48m for road works and contracts for water authorities. Largest individual contract is for construction of the Rillesdom By-pass, Leicester, worth 52.08m. Galliford Pipeline Services has started an annual contract for cement mortar reconditioning with the Anglian Water Authority and re-lining contracts with Severn Trent Water Authority totalling 42 km of pipes in the Bolsover and Mansfield districts. Work will be carried out in the next 12 months and cost around 52.2m. months and cost around \$2.2m.

Kottler & Heron has been awarded £1.5m forth of contracts from specialised bridge water-fing, to roads and sewer develop-ments. Stamford Construction is to carry out a £40,000 sewer duplication scheme for South Kesteven District Council at Bourne - Meadowgate. Wincott Galliford has been awarded a batch of 11 contracts, the largest of which is for industrial extenbatch of 11 contracts, the largest of which is for industrial extensions for Midland Meat Packers, at Crick (£222,854). Colab and J. S. Chinn & Co. in Coventry (£214,572 and £99,500 respectively). APW Construction of Worcester, has been awarded seven contracts (£392,000) including roads and sewers for Cheltenham Borough Council and a building works for both local authorities and the private sector.

Galliford CIB, specialist in the building aspects of the chemical industry, has awards for 16 con-tracts totalling £1.06m. These are largely in the north east and north west.

NORWEST HOLST SCOTLAND NORWEST HOLST SCOTLAND has won three contracts totalling film. For the Scottish Postal Board at Springheid Quay. Glasgow, construction is under way of a motor transport workshop, administration control centre and a mailbag cleaning building. For British Rail's electrification programme in Ayrshire, an existing bridge at Manse Brae, Saktoats, is being replaced. A commercial development in High Street, Falkirk, for Pengap Securities, involves for Pengap Securities, involves refurbishment and renovation of a four-storey building.

BUILDING CONTRACTS

Lilley Group wins £45m orders

23m contract from Airedale Securities for an office block in Wembley. Henry Jones Con-struction will build a submarine

has been awarded a £2.9m con-tract to upgrade the town centre at Cumbernauld new town near velopment Corporation, and a \$2.3m contract from Masten for a six-storey office block in Glasgow's West Nile Street.

LILLEY, Glasgow, has been awarded contracts totalling £45m including a £7m order for a vitorified products store at British Nuclear Fuels' Sellafield plant, which will be carried out by including windows, terra coltage.

Nuclear Finels' Sellafield plant, which will be carried out by Eden Construction of Carlisle. The contracts cover construction projects in Britain and the U.S.

Lilley Construction has won a firm contract from Airedale Securities for an office block in Wembley. Henry Jones Construction will build a submarine training facility at HMS Dolphin in Gosport for the Property Services Agency, a contract worth fl.8m.

Melville, Dundas & Whitsom has been awarded a £29m contract to upgrade the town centre at Cumbernauld new town near Glasgow, for Cumbernauld Development Corporation, and a £2.3m contract from Masten for a six-storey office block in Glasgow's West Nile Street.

Kyle Stewart builds for British Telecom

KYLE-STEWART has won two awarded for modernisation of contracts from British Telecom together worth £11.5m. Largest is a design-and-cosnitrum project worth £6.5m for a two-storey, worth £6.5m for a two-storey, 6,300 sq metre research facilities building for British Telecom at Martlesham Heath, Suffolk. Due for completion in 1997, the pew building will allow British Telecom to expand its research and laboratory areas on the size near Ipswich. A refurbishment contract worth £5m has been

awarded for modernisation of British Telecom's office building. Tenter House, at Monrfields, London. Work involves stripping the 10-storey building and replacing all services, renewing heating and ventilating systems. Installing suspended cellings and computer floors, providing secondary glazing and complete redecuration. British Telecom staff will remain in occupation of the 10,000 sq metre building during the course of the 58-week contract.

Hospital job for Laing

iB development of Cheltenham
General Hospital under a contract awarded by the South West
Regional Health Authority.
Total cost of the development,
which includes furnishings and
equipment — everything from
waste paper bins to highly
sophisticated X-ray equipment
—will be in the region of filom.
New facilities will include an
accident and emergency depart-

JOHN LAING CONTRUCTION has started work on a £6.6m the hospital will be receiving its building contract for the phase iB development of Cheltenham General Hospital under a contract awarded by the South West Regional Health Authority.

MEPC signed a building contract worth £9.5m with LOVELL CON-STRUCTION (MIDLAND) for the Royal Priors Shopping Centre in Leamington Spa. Con-Mew facilities will include an accident and emergency department; an X-ray department; two operating suites; paediatric, trauma and geriatric wards plus for trading in September 1987. MEPC has agreed terms with J. Hepworth, trading at Next, for trading facilities for staff.

A feature is a series of multiple of the lease of the largest store of 22,000 sq ft. The development, a partnership scheme between the lease of the largest store of 22,000 sq ft. The development, a partnership scheme between the lease of the largest store of 22,000 sq ft. The development, a partnership scheme between the lease of the largest store of 22,000 sq ft. The development, a partnership scheme between the lease of the largest store of 22,000 sq ft. The development, a partnership scheme between the lease of th



EXPORT 85

National Exhibition and Confe to Develop Profitable Exports The Barbican Exhibition Centre 5-7 November 1985
rted by the British Oversess Trads Board, SITPRO, The C&L
Institute of Export, London Chamber of Commerce

A major new Conference for directors and senior executives of British companies either currently exporting or considering a move into the export market. The EXPORT 85 Conference will provide companies with the opportunity to examine and discuss ways of:

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- Improving export sales Improving efficiency and maximising profits
- Obtaining payment

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Company _ Tel No. **Business Description**

Dils 25,000,000. --81/4% bearer notes 1979 due 1983/1986 of

FRIESCH-GRONINGSCHE HYPOTHEEKBANK N.V. As provided in the Terms and Conditions of the above mentioned Notes Redemption

Group no. 3 amounting to Dils 6,250,000. – has been drawn for redemption on September 23, 1985 and consequently the Note bearing consecutive number 3 and all Notes bearing a consecutive number which is 4 or a multiple of 4 higher than 3 are payable on November 1, 1985 at Bank Mees & Hope NV (Central Paying Agent) in Amsterdam, Algemene Bank Nederland (Schweiz) in Zürich and Banque Générale du S.A. Luxembourg Luxembourg.

September 30, 1985

Tyndali Bank (Isle of Man) Ltd Interest Rates

Sterling Money Account 11.00% Dollar Money Account 7.00%

NORGES KOMMUNALBANK U.S.500,000,000 8121 BONDS 1976 (80-91) NOTICE 15 HEREBY GIVEN that pursuant to the perms and conditions the referencion Instalment of U.S.S.000,000 as of 15 December 1955 will be withdrawn from the Sinking Fund. Therefore, a drawing this very bonds will not be elected this year. amening fund. Therefore, a drawing by lot of boods will not be effected the year. The outstanding amount after re-demarkon as of 16 December 1985 will be 15 530,000,000. HORDER TOSS.

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Contracts and Tenders

REPUBLIC OF MALI

DRINKING WATER SUPPLY FOR THE CITY OF BAMAKO

INTERNATIONAL CALL FOR TENDER in order to extend the drinking water supply of the City of Bamako, the Societe Energie du Mali (EDM) is issuing an international call for tender for the following two separate lots:

Lot A — Supply and installation of pipes and accessories

Cast iron pipes: 7200 m dn 300 mm, 4950 m dn 250 mm
and 3350 m dn 200 mm

PVC pipes: 5850 m dn 160 mm, 7350 m dn 110 mm and
26 800 m dn 90 mm Connection equipment, including meters for 3000 domestic

Lot 8 — Renovation of production units
Increase of raw water and treated water pumping capacity
MV 1000 KVA station and miscellaneous electrical work
Supplies and assistance for reconditioning of existing
treatment plant

The works will be financed by the World Bank (IDA) and by the Organization of Petroleum Exporting Countries (Opec). The tender files may be obtained from 27 September 1985 onwards on application to either of the addresses given below.

The files can be collected from the same addresses on payment by bank cheque of 2500 french francs per lot, or can be sent express on payment of the above sum together with postal costs. Sealed bids must arrive at the first address in Mali given below no later than 8 a.m. (local time) on 27 November 1985, and must either be sent by registered letter with notice of delivery, or be deposited in exchange for a receipt.

The sealed bids will be opened on 27 November 1985 at 10 a.m.

(iocal time). M. Le Directeur General Safege Energie du Mali

Square Lumumba—BP 69 Bamako (Republic of Mali) Tel: 22.30.20/22.30.60/22.30.61 Tel: (1) 724.72.55 Telex: 587 ENERMALI BAMAKO Telex: 612611 F SAGETOL

76 Rue des Suisses BP 727 92007 Nanterre Cedex (France)

TENDER NOTICE No. MF/RTO/309 SUPPLY, DELIVERY AND INSTALLATION OF 8 AUTOMATIC TELEPHONE EXCHANGES

The Government of the Republic of Zambia is negotiating for a loan from the African Development Bank (ADB) to finance part of the expansion programme of the rehabilitation and development of the telecommunication network. The project includes the procurement, through international public bidding among bank member countries for the supply, delivery, installation and commissioning of the following automatic telephone exchanges:

- 1 LUSAKA MAIN 5 MAKENI (LUSAKA)
- 2 EMMASDALE (LUSAKA) 6 MONGU 3 ROMA (LUSAKA)
- 7 SOLWEZI CHINIKA (LUSAKA) 8 MANSA
- Bid documents may be obtained from the Acting Secretary, Central Supply and Tender Board, P.O. Box 31009, Lusaka, on payment of a non-refundable fee of K300.00 cash or a bank certified cheque. Tenders must be submitted in accordance with the general instructions contained in the tender documents.
- A telegraphic or telex offer may be submitted, provided that it is confirmed by a valid formal tender, differing in no material respect from the telegraphic or telex offer. The telegraphic address is Centenboard, and the relex number ZA 43250 CENTEN.

The last date for receipt of bids is 15th November, 1985 at 14.00 hours Zambian local time. Bids will be opened in public on the same date at 14.15 hours local time at the same Central Supply and Tender Board Office, Kulima Tower, Lusaka, Zambia,

CONTRACTS AND TENDERS ADVERTISING APPEARS EVERY MONDAY

The rate is £35.50 per single column centimetre plus VAT

ASEAN SECURITY

INVITATION TO TENDER

Following the 17th meeting of the ASEAN Economic Ministers in Kuala Lumpur, Malaysia, on the 7th to 9th February 1985, ASEAN Security Paper Mills has been authorised to produce a range of currency and high security papers to meet the demands of the ASEAN countries.

Applications are invited for tenders for the 'turnkey' supply of papermaking plant, excluding buildings, civil works and provision of site services, sized to produce mould and foundriner made papers with the necessary paper finishing and inspection plant to suit the present and future consumption of currency and security papers for the ASEAN countries. Start up is targetted for the third quarter of 1987.

The product range to include the following paper grades: banknotes, passports, cheques, stamps, lottery fickets, bonds, traveller's cheques, legal and vehicle documents, licence and registration documents, etc.

Preference will be given to bidders offering the latest high technology paper making machinery & systems, which will probably include paper machines, fully computerised to monitor and/or control drying, opecity, realizer, dimensional stability, surface finish and equipped with forming devices for security and currency paper production. The machines will probably comprise a fourdrinier section with controlled drainage elements, sophisticated watermarked dendy roll, a controlled drainage elements, sopresurated watermanted densy rou, a tonironed dializage mould former with auto security thread system, closed draw press socion with controlled camber press rolls, constrained and non contacting air foil drying, size presses, dry end finishing, data highway operator control system and the latest auto feed devices.

Off machine finishing system, tailored to suit the requirements of the range of security and currency papers, including controlled tension winders, precision sheeters and a banknote sheeting line fully equipped. with laser scanning and other security devices.

Invitations are only open to companies having experience in the field of currency and high security papers and applicants must be able to demonstrate their capabilities in this field and must specify the services that are offered to recent the float invitation clear to companie the companies. they can offer to support the plant, including start up, commissioning, training, etc.

Interested companies must confirm their intention to tender in writing before 7th October 1985, accompanied by a tender deposit of Sterling 25,000 in the form of a Cashler's Order, Benk Draft or Bank Guarantee which shall be returned if the tender is unsuccessful.

Each tender must include a fully detailed, comprehensive offer with full technical drawings and specifications together with commercial conditions. Agents and local representatives will not be entertained.

ASEAN Security Paper Mills does not bind itself to accept the lowest or any tender nor will it be responsible for any costs incurred by tenderers. Tenders must be submitted in writing before 30th November 1985 to:

> M/S. C.K. Leong & Co Advocates & Solicitors 85 Jalan Clarke Inch. Perak

> > Housing Executive

Tenders are invited for the supply, delivery and installation of a Computeristic System for Response Maintenance. Tender Forms, Specification, etc., may be obtained from Office Servicts. 4th Floor, The Housing Centre, 2 Adelarde Street, Belfast 812 898, tel. no. 0222 240588—Etc. 2332 and complated Tenders seeled in the envelope provided must be returned to this address not later than 3.00 pm on Tuesday 29 October 1965.

Tuesday 28 October 1902.

Contractors within the scope of the Fair Employment (Northern Ireland)
Act 1978 should note that Tonders will only be considered from those firms which have signed the Fair Employment Agency's Declaration of Principle of Intent.

The Executive is not bound to accept the lowest or any Tender.

Company Notices

This advertisement is issued in compliance with the virements of the Council of The Stock Exchange in London

bank leumi (uk) plc

(incorporated with limited liability in England)

U.S.\$10,000,000

Undated Primary Capital Floating Rate Notes Issue Price: 100 per cent. Bank Leumi le-Israel (Switzerland)

Application has been made to the Council of The Stock Exchange in London for the Notes to be admitted to the Official List.

Listing particulars relating to the Notes are available in the statistical services of Extel Statistical Services Limited, and copies may be obtained during usual business hours up to and including 2nd October, 1985 from the Company Announcements Office of The Stock Exchange in London and up to and including 14th October, 1985 from:—

Cazenove & Co., 12 Tokenhouse Yard, London EC2R 7AN. Bank Leumi (UK) plc, 4/7 Woodstock Street, London W1A 2AF.

30th September, 1985

FIDELITY PACIFIC FUND S.A.

Incorporated Under the Laws of Panama

DIVIDEND NOTICE

A dividend of US\$1.13 per share will be paid on or after September 13, 1985 to shareholders of record on August 30, 1985 against surrender of coupon No. 15. By order of the Board of Directors

Fidelity International.

摂ELAND

REPUBLIC OF ITALY ECU 300,000,000 FLOATING RATE NOTES DUE 1992

Luxembourg

Paying Agent: Krediethank SA Luxembourgeoise 43. Boulevard Royal

In accordance with the terms and conditions of the Notes, notice is hereby given that for the 3 months period from September 20, 1985 to December 30, 1985 the Notes will corry on interest of 8th 12 per annum.

The relevant interest payment date will be December 30, 1985 and the coupon amount per ECU 10,000 will be ECU 219 80 and per ECU 100,000 will be 2,195 01

BANQUE GENERALE DU LUXEMBOURG Societe Anonyme Agent Bank

NOTICE OF PREDAYMENT U.S.\$75,000.000 10.00 BONDS DUE NOVEMBER 1, 1988 in accordance with paragraph "Redemption" or the terms and coaditions or the Bonds, notice is hereby given that ireland will prepay at 101% on November 1 1985 the total amount mentioned Bonds and rembursement of principal will be made in accordance with the terms and conditions or the binterest will be terms and conditions on the binterest will be severe to accordance with the terms and conditions on the binterest will be severe to accordance. The Fiscal Agent KREDIETBANK S.A. Luvembourgepise

THE ARTS

Architecture

Colin Amery

The \$60m question mark

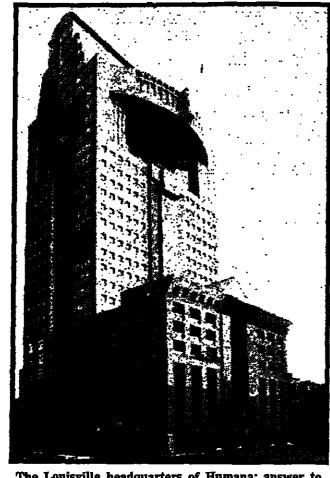
An important representative of the new architecture is now complete and operational in downtown Louisville, Kentucky. The architect is Michael Graves and the client the health care and hospital group, the Humana Corporation. It is a significant chord in the escophony of architectural debate that accompanies the end of the era of the panies the end of the era of the glass box. Like all polemical glass box. Like all polemical statements the Humana Building is likely to arouse both ire and praise. I would like to be able to sing its praises whole-heartedly. I would like to be able to say this is the answer—a bold and brave and complete aesthetic statement that unites form, function and decoration form, function and decoration. But Graves has only partly suc-

Critical opinion apart the story of the Humana Building is important. It represents a bold effort of patronage by a company renowned for its commercial expertise in the American health business. Mr David Jones. health business. Mr David Jones, the chairman, and Mr Wendell Cherry, the president, initiated a competition back in 1982 for "a piece of architecture of national significance." They decided to proceed by a series of interviews and invitations, finally limiting themselves to a shortlist of five architects. The five selected firms were Cesar Pelli and Associates, Ulrich Franzen/K. Kroeger and Associates, Murphy/Jahn, Foster Associates (the only British one) and the winner, Michael Graves.

Graves.

This is a bold and commendable way for a commercial com-pany to pursue. It takes a long time and it costs money. There is a serious risk involved because the commitment to build the winning scheme means that the relationship between the client and the selected architect has to go beyond the design. The programme for the Louisrille competition was short and lucid with considerable emphasis on the need to "encourage innovation and quality architectural design in Louis-

The new tower of offices is on the east bank of the Ohio River. From the top of the 417 ft tower these is a spectacular view of the falls that mark the birthplace of this flourishing



The Louisville headquarters of Humana: answer to the glass box?

Kentucky city. The immediate context of the building points up the irony of its own cubist-classical language. Its neigh-bours are all slabs or boxes— one of them by Mies van der Rohe, a stained and bleeding example of the unwise use of rusting steel.

The context establishes the argument. Graves has set out, with a budget of \$60m to prove that it is possible to enrich the form of the tower, to reintroduce colour, decoration and fine materials. He both succeeds and fails. The street line of the

base projecting forward from the tower with its giant cornice and elaborate swirt of colon-nade and fountains is a success. The middle of the building, the largest part, is a rigid arrangement of floors and windows that is insufficiently articulated or varied to be of the least in-terest. The top of the tower is a Mayan sloping, buttressed temple—elegant but, like so much of Graves's work, heavy

in detail. Graves wants to enrich the language of architecture and ornament; he is bursting with

ideas, but too many of them have gathered here in one place. The interiors are someplace. The interiors are some-thing of a revelation. You push open the heavy bronze doors and feel as though you have stepped back in time. Gleaming floors of marble arc arranged in patterns of white, green, beige and pink—some 45,000 sq ft was shipped from Italy and France. On the main axis of the lobby is a marble angiveling a skyllue. rotunda encircling a sky-blue dome. Lifts are lined with birds eye maple; ancient Roman sculptures stand sentinel.

The richness in colour and furnishings continues on the boardroom floors and is complemented by modern works of art and Secessionist furniture. The influence of Joseph Hoffmann is strong, and in the treatment of the terraces shades of Schinkel and Potsdam are evident.

The Humana Building reveals
Graves as a skilled exponent of
a new but unsatisfactory
language. He is a master of a language. He is a master or a certain style and he practises it with all the fervour of Madison Avenue. Where is the noble simplicity and calm grandeur? I have always thought that Michael Graves is an important phenomenon in the transition. phenomenon in the transition from the austere orthodoxies of from the austere orthodoxies of modernism. He clearly feels that it is crucial, at this stage, to overstate the case. Humana is indigestible and, on the exterior, somewhat lumpish and ugly. The designs that Graves has prepared for the Whitney Museum's expansion in New York look as though he has reached a calmer though he has reached a calmer resolution. Louisville demonstrates that the debate continues, that the arguments have not been settled and that the artist's palette is still an uncertain one.

Graves should not be discouraged because he is developing a new language. At the moment it is too rich and at sea in the area of taste. He is right to wave the flag of change, but the Humana shows that he

but the Humana shows that he is likely to be seen as more of a stylist than an innovator. The Louisville skyline remains the best place to witness, writ large, the architectural struggle of our time. It raises the questions but parries the answers with

unresolved flourishes.

Lulu/Grand Théâtre, Geneva

Ronald Crichton

It was in Switzerland, at finish one expects in Geneva) ately,
Zurich in 1937, that the incomplete 10750 of Berg's opera Lulu

Mr Tate and the Suisse ing of the music. with this reading of the music. Mr Tate and the Suisse Romande Orchestra play Berg's was first shown to the public. Romande Orchestra play Berg's Now Geneva has marked the score with an infinite range of Now Geneva has marked the
Berg centenary with a production of the complete three-act
version as completed by Cerha
Jeffrey Tale is the masterly
conductor; the Swiss film director Daniel Schmid produces.
He, and his Austrian designer
Erich Wonder have set the rise
and fall of Berg and Wadekind's
earth-spirit woman in a dream
(or nightmare) Fritz Lang landscape of vertiginous downward

scape of v Never, surely, can so many of the words and tortuous vocal lines of Lulu have come through so clearly. Unfortunscape of vertiginous downward views of skyscrapers, glimpses of wharves with junks and upward glances through murky,

troubled water. All this on backcloths un-winding like endless scrolls, underlining the rise and fall of Lulu with elaborate symbolism, moving so much (even during the interludes, when black-clothed stage-hands in silhou-ette silently officiate) that one ette silently omciate) that one tends to stop watching to listen closely to the music (unfortunately the treatment of the interludes, with one important exception noted later, encourages not attention but whispering in the stalls).

The designer's starting-point, he claims, was the continuous-motion, jump-on, jump-off "paternoster" lifts of Vienna, but his acting space looks more like the top of an electric elevator in a skyscraper with the works showing. With Man-hattan, Shanghai or wherever (but certainly not Berlin or Paris) moving up and down in the background the claustro-phobic effect of Wedekind's scenes (all interiors) is weakened, though Frida Par-meggiani's predatory women's clothes, inspired by Otto Dix paintings, with their wide, low bandeaux, bead necklaces like breastnlates and continued the breastplates and soaring feather headdresses, are feather headdresses, undoubtedly indoor wear.

More serious is the difficulty of relating this view of the text (carried out with the high

perhaps inevitably, not by any means all the singing of a thoroughly well-prepared cast matched the prepared cast matched the quality of instrumental sound. Listening the other day to records of Selma Kurz stroking Meyerbeer arias, I wondered sadly why Lulu couldn't sound like that. One couldn't sound like that. One need not be mad about Viennese charm to perceive that the Viennese strain in Berg is seldom evident in the way Lulu is sung and played. A shot or two might soften the notorious asperities, which don't necessarily reflect the hitterness of

sarily reflect the bitterness of Wedekind's two plays.



Patricia Wise and Franz Ferdinand Nentwig

The American soprano Patricia Wise, the Lulu at Geneva, Garden and Glyndebourne. Her good looks, even features and large, dark, silent-film eyes (as the unusually successful short film for the central interlude showed, she is photogenic) are an asset. Though the colour of the voice was as monochrome as her off-white costumes. Miss strained less than any Lulu I can remember. Until the theatre scene began to take the usual toll one felt she might sail through the opera scathed.

She did not quite do that. The diabolical casino scene taxed her in its turn in spice taxed her in its turn in spite of the conductor's definess and the producer's sensible way of keeping the principals down front. In the earlier stages Miss Wise had been mannered, jerkily artificial. After the climax she was serious, more natural. The confessional Song was powerful, the end moving. Franz Ferdinand Nentwig is not the first baritone to make a sharper effect with Jack the Ripper than with the longer role of Dr Schön, in which he was reliable but low-keyed (why do producers make Schön look so producers make Schön look so scruffy?).

The Schigolch of Carlos Feller and Athlete of Bodo Schwanbeck were both so positive as to save the essential but vulnerable element of black farce from disappearing altogether from this open-to-the-winds setting. This Schigolch, instead of being a picturesque old each on the margin, seemed instead of being a picturesque old scab on the margin, seemed to be pulling the strings. The painter of Richard Greager had the same cutting edge. Ronald Hamilton's Alwa, intense and committed, was thickly sung. Possibly because her voice has hardened. Yvonne Minton's adoring Countess Geschwitz goes deeper than her Paris Opera portrait. Miss Minton-looks even more distinguished than before.

Intelligent Life/Plymouth, New York

Frank Lipsius

Lily Tomlin's solo show at the characters do not have the tions that go beyond laughs, Plymouth, The Search for Signs loudmouth put-down quality of though there are plenty of Intelligent Life in the Ernestine, the telephonist, who laughs too. Miss Tomlin exhibits remarkable verbal and physical of introduces a new disappointingly does not make remarkable verbal and physical repertory of articulate, eccentric characters for one of Miss Tomlin's pregious Broad-characters for one of Miss Tomlin's pregious Broad-characters she depicts in the first act but they tend to be more weird than appealing and stage with a couple of chairs, this crew, shorn of costume and a three-step stair, she has cut back on props and moved her characters from odd
America rather than other ball loners to couples with the people.

when she makes a Japanese bow and launches into a brief monologue about the things that worry her, like the absence of meta-physical fitness programmes. From there, she makes a quick change into an makes a quick change into an old friend. Trudy the bag lady, who tells how much her life bas improved since she had shock therapy: through it, she met a concenial band of extra-terrestrials looking for intellicent life on earth.

of Trudy's consciousness, with lightning flashes to mark the rapid changes from the likes of middle-aged upper middle-in a New York ing 36 premières in 15 concerts, with a strong Italian theme.

set changes, seem more errious

Miss Tomlin is herself only at the beginning of the show, when she makes a Japan was a factor of the show Japan Washington of the sh The scenes pack a punch with perceptions and characterisa-

laughs too. Miss Tomlin exhibits with kooky, profound and funny remarkable verbal and physical gymnastics for the 10 different characters she depicts in the first act but they tend to be Carnegie Hall to round out the carneling and the carneling before the artists. more weird than appealing and evening do not establish personalities beyond Miss Tomlin's concerns. The second act is dominated

by Lynn's long reminiscence occasioned by a California yard ised history of the women's more movement and women's lives as them.

she goes through everything from lesbianism to motherhood.

before terrestrials take off for other parts of the universe. The one disappointment is that Miss Tomlin is never herself again. The characters expose their sale. Looking through memen-toes, like an autographed copy of the first issue of Ms maga-zine, Lynn provides a personal-ised history of the women's

Arts news in brief . .

temporary Music Festival, which runs from November 19-27, will celebrate the 60th birthday of Luciano Berio. Among the 12 of his works to be performed are three British premières, and the first British perform-ance since its première in 1977 of Coro. The composer will

Angus wearing coveralls and British music is also well repre-chains. For the most part the sented, with works of composers

The 1985 Huddersfield Con- Michael Finnissy, Jonathan company, to tour small venues emporary Music Festival, which Harvey and Bernard Rands in dancing to piano or small uns from November 19.27, will particular, all of whom will be orchestras, and to present newly

commissioned works.

"LFB2" will make its debut in Hexham on November 5, sound sculpture, a specially moving on to Billingham, with commissioned late-night, music performances of Christopher theatre show from TNT, and a competition for young composers.

from Napoli.
The company will make its The London Festival Ballet is to launch a new company of lo-15 dancers, drawn from and interchangeable with the main from November 25,

Who Plays Wins/Vaudeville

Antony Thorncroft

For the next few weeks Peter Irving Berlin revivals, and Skellern and Richard Stilgoe Stilgoe showing off rotten by are reviving sophisticated revue getting the audience to shout in London: two men, one piano, out silly words and then writing and some pointed songs about a song around them. To further British foibles. But before you emphasise how easy song reach for the cliched parallel of writing is he persuades the Flanders and Swann, this drole front row to provide the tune. duo spike your own review with their parody, "Blood, blood" about hemophiliacs and AIDs: this is punchy stuff. There is nothing to tax the

surveyors who sing and sing and James Galway, and the Sinclair C5. But there is no escape for President Mitterrand and exploding boats in a modernisa-tion of "La Mer" while the severest debunking is reserved for school dinner ladies.

There is little political com-There is little political com-ment but when its surfaces it scores quickly to left and to right: there is a poignant num-ber. 'By God We're Good Now" in which a Rhondda choir against a black cloth of pits bemoans the fact that it has plenty of time to perfect its harmony. To redress the balance, "Mr James" makes effective play with the nonsense of ethnic studies in schools and a consequential all-white steel

brain or stretch the imagina-tion in this amiable diversion Not the set of plastic palm the Australian lady cricketers and dinner jackets, but the known as Lilian Thompson, or mutually penned repertoire is wonder what an English group extremely barbed, especially the contributions of Stilgoe who wision Song Contest sounds like. acts like an ascerbic but with here is your chance. It is all imp where Skellern retains rather cosy although in "Two some languid reserve. Quantity pals in harmony" the pair sing pals in harmony" the pair sing about staying "together till sing folksong choruses get it death—like Mozart and Salieri." early on, followed by ecologists. Fortunately there seems little jealousy here: just some easy pleasing of each other and the

> Anthony Hopkins to play Lear and Antony Anthony Hopkins is to play two Shakespeare roles for the National Theatre after finishing his run as Lambert le Roux in David Hare and Howard Brenton's play Practa (cur-rently in the Olivier): King Lear, and Antony in Antony and

Cleopatra. Judi Dench will be Cleopatra, which will be his Cleopatra, which will be directed by Peter Hall; David Hare will direct King Lear. Both productions open in the Olivier Theatre, Lear in Decem-

Assad Brouwer, Sor, Rameau, Pie-zolla (Tue). Anthony and Joseph Paratore, two pianos. Berg, Ravel, Barber, Schönberg (Thur). (314544)

NEW YORK

CHICAGO

Schiff, piano, with Women of the Symphony Chorus. Dohnaryi. De-bussy. Tchaikovsky (Thur).

TOKYO

Sept 27-Oct 3

After the intervan it is time for individual party turns, with Olivier Theatre, Loar in De Skellern managing one of his ber 1986 and Antony plaintive love songs amid the Cloopatra in April '87.

Giselle/Sadler's Wells

Clement Crisp

There is real fascination in forcing of effects in the first There is real fascination in watching a young Giselle embark upon this most ballerina roles. We study the signs, physical and temperamental, which will indicate how she may reconcile peasant girl and compassionate wraith, earthly and other-worldly love, and we wonder if youthful eagerness will be refined with time into that pure essence of the character where dance and drama are made one (It is the drama are made one (It is the process we have been fortunate enough to see over two decades with Natalia Makarova, from her prodigious early perform of ances with the Kirov Ballet in

Leanne Benjamin, a young soloist with Sadler's Wells
Royal Ballet, has just set cut
on this same arduous journey.
She danced her first Giselle in
the Royal Ballet School's annual performance in 1982. her natural gifts of springy jump and dramatic resource telling of her suitability for the part. On Friday night, as SWRB brought back Peter Wright's intelligent staging into the repertory, we saw her Giselle

London in 1961).

Circumstances should have been more fortunate, for I am told Miss Benjamin was sufferher right to the ballet was never in doubt. Her long-limbed physique, her maturing dramatic power—so evident in her playing in bletamorphosis —already mark this Giselle with individual touches. Some

audience. It will be a process well worth watching. The Albrecht, Roland Price,

has much developed the dignity

He shows us a wilful youth trapped in his own immaturity, whose journey of self-discovery is marked with bold gesture and bold 4ance. The staging remains eminently sound, performed by a company engrossed in its development, with exceptionally fine dancing from Lili Griffiths and Isin Webb in the peasant sextet, clean-cut, sure and elegant.

The production is, though, in need of re-designing. The settings are murky, and the lighting in the second act knows no nuance beyond a greenish glare which may cast illumination on the wills but also destroys atmosphere and also destroys atmosphere and shows up the mechanics of the painted flats. The Courland hunting party look risible in their marmalade-coloured outfits, which seem to invite manic gesturing of the Basil Fawlry school. Production and perfor-mances are too serious not to be better framed.

Covent Garden/Antony Thorncroft

Spend now, save later

On January 9 next year the Royal Opera House at Covent Garden presents its most glittering new production of the season. Sir Peter Hall returns after a 14 year absence to produce Verdi's Otello. The title role is sung by Placido Domingo, Kiri te Kanawa is Desdemona and Renato Bruson Iago. The conductor will be Carlos Kleiber.

John Devers cheap, Sir John believes that the end of good house keeping justifies the means of playing to the rich. Covent Garden knows that the Arts, Council is unlikely to receive all the aid from the Government in 1986-87 that it feels it meeds, and that its clients are unlikely to get a subsidy increase in line with inflation.

It feels it is in a strong posi-

All six performances of Otello and in the event has achieved over 80 per cent capacity. It species in course happen in some continental port in 1986-87 but at least it capacity happen in some continental capacity happen in some capacity. opera houses but for London it is doing is an innovation. Sir John Tooley, general director of Covent Garden, justifies it on the basis of the financial situation.

If it did not take the opportunity to maximise its revenue the Opera House would be forced to raise its general ad-mission prices from January 1, only last months after the last

While keeping 30 per cent of the house, and that patronised

lago. The conductor will be Carlos Kleiber.

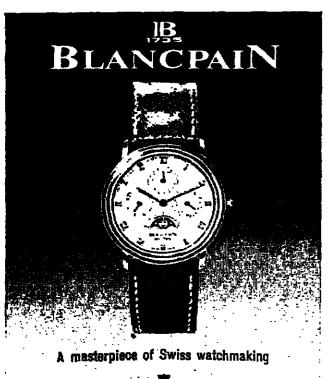
With such a desirable product the Royal Opera House believes it is in a position to take a financial initiative: it is considerably increasing the prices of 70 per cent of the seats. The cost of the best seats will be more than doubled, to £75, and only the amphitheatre escapes with an increase of just £1 for the majority of scats there.

This is not a revenue raising cvent through a first night gala.

All six performances of Otello is doing its best to balance the

London City Ballet's royal gala

The London City Ballet isthe presence of its patron. The Princess of Wales, at Sadler's Wells Theatre on December 15. The programme will include the house, and that patronised the world premiare of a ballet by the younger and poorer opera by Wayne Sleep.





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Arts Guide

Music

PARIS rchestre National de France conduct-ed by Sigiswald Ruijken: Giück-Or-pheus and Eurydice (Thur). Theâtre des Champs Élysées (7234777). New York Philharmonic (Avery Fisher Hall): Zubin Mehta conducting, Ni-kita Magaloff pianist: Schnittke, Rachmannov, Stravinsky, Tchei-kovsky (Tue); Zubin Mehta conduct-ing, Hermann Prey baritone. Schu-mann, Schubert (Thur). Lincoin Canter 1874 2424)

LONDON English Chamber Orchestra conducted by Poul McRae with Stolka Milano-va, violin. Mozart, Respighi and Stravinsky. Barbican Hall (Tue). (638 8891).

Stefan Askenase, Piano. Chopin, Mu-sikverein (Mon). Chicago Symphony (Orchestra Hall). Sir Georg Solti conducting Andres sikverein (Mon). Youth Chamber Music: Bach, Musikein Brahms-Saal. (Mon). NETHERLANDS

Hall: Noël Lee, piano. Debussy (Mon). (718345). Guitar recital by Sergio and Odair

enn-Jacques Kantorow (violin), Jacques Rouvier (piano); Ravel, De-bussy, Franc. Tokyo Bunka Kaikan Recital Hall. (Thur) (2034338)

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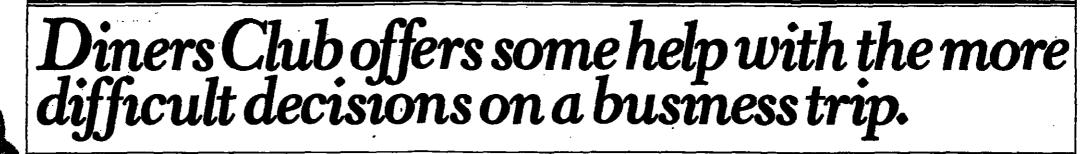
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FINANCIAL TIMES

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Monday September 30 1985

London's role in commodities Motors in its 75-year history, is a short, rather rotund individual. When he speaks it is with a thin, slightly wheezy voice. Like many other executives within GM he exudes a folksy charm rather than

A NEW chairman—tomorrow are two immediate issues: one joins the London Commodity Ex- concerning the structure of the change, Britain's once proud marketplace for sugar, cocoa, coffee and—more recently—gas oil futures, at a crucial moment in its history.
As he takes up his appoint-

ment, Mr Saxon Tate, former dominated by traditional trade chief executive of the Northern houses, and extremely jealous Ireland Industrial Development of all the others. This reflects Board, faces a twin challenge: the generally fragmented how to arrest the decline in nature of London's commodity trading volumes on the tradi-tional soft commodity markets, and how to steer them safely into the new era of City regula-

Trading in the four LCE commodities is down by about 30 per cent this year. True, this partly reflects the depressed state of commodity markets in general and of agricultural ones in particular. Large and in-creasing surpluses of supply in just about every product have driven prices down and smothered trading interest; th. inflationing environment of the 197 of which commodities were the main beneficiaries, has made way for one dominated by currency and financial mar-

ket volatility.

But there is no disguising the fact that even in today's stagnant conditions, other com-modity trading centres have been gaining market share at e expense of London. Trading in coffee in New York, for example, is 8 per cent up this year; on the LCE it is 17 per year; on the LALE it is 17 Per cent down. The sugar contract is faring even worse; because of a mistaken change from a sterling-based quotation to dollar contracts, it has lost a large portion of its market both to New York and to Paris. If anything, the competition from overseas is intensifying.

Lucrative novelty

By comparison with those in the U.S., London's markets have in general been slow to change. The powerful Chicago ex-changes spotted financial futures as a lucrative novelty, providing a facility to trade more than just a narrow range of commodity price risks, more than ten years ago, but it was only last year that Britain got its own London International

futures trading in London to should have to pay for an match the success of the New organisation without percept-york Mercantile Exchange have ible direct benefits for them. also stumbled once, and the In-

exchange; the other regarding the overall regulatory frame ters building in Details work.

ded into four separate markets, each master in its own house,

markets.

If London wants to compete with the more centralised and much wealthier U.S. exchanges, these individual markets are going to have to sacrifice some of their power. The LCE's planned move to an expensive new building in two years' time would provide an ideal opportunity for restructuring the markets—perhaps by bringing some of them together on the same trading floor as in Chicago or

New York, to cut costs.

Regulation is an even thornier question. Many of the younger people on the markets accept that the only way they can achieve a much-needed boost in trading volume is to attract more interest from ordinary investors.

Short-sighted

Speculators are necessary, to carry the risks brought to the market by traditional hedgers. Volume is also necessary, be-cause the LCE's finances are heavily geared to turnover. This year, the markets have an obvious opportunity to act, following the Chancellor's decision to give futures dealings more favourable tax treatment in this year's Budget. Nonetheless, the fact remains

that the public image of com-modity trading in Britain is poor and under the current system investor protection is minimal. Efforts to promote a self-regulatory organisation for the futures markets, the Association of Futures Brokers and Dealers, are proceeding very slowly.

Admittedly, it is the worst possible time to try to graft regulation on to an industry which is already suffering from depressed turnover and increas-ing costs. The traders who use Financial Futures Exchange the LCE simply to hedge (Liffe). physical cargoes of cocoa or Mr Tate's message should be also stumbled once, and the in-ternational Petroleum Ex-change is only slowly coming round to trying again.

Mr Tate needs to act quickly the Government spells out what

to stamp his authority on the the new City regulatory bodies LCE if it is to have any chance should be doing in its Financial of reversing the decline. There Services Bill—later this year.

GENERAL MOTORS RE-ORGANISATION

Mr Smith answers his critics

By Kenneth Gooding, Motor Industry Correspondent



simply pouring money into new Japanese car groups, and GM that all GM's computer sy plants and start-ups and what for a joint venture in California we call front loading—in other—albeit with some restrictions—words, doing our engineering it became obvious that GM had nothing to fear if it attempted and was likely to double wormally in the model development cycle because it pays big dividends.

GM's critics maintain that the expertise and is model. As a result, GM has emerged (in turnover terms) as the

largest industrial group in the world. Previously it was in second place behind Exxon. annual sales by 1990 and achieved five years ahead of time his aim of having 10 per and start-up for those plants, in the treasury right now close
the front loading. But once we are through that we will have something behind us that we

The group is also going through a massive reorganisa-Mr Smith admits, that the tion of its car business which Sloan put into place. It is being ripped apart and reassembled into a structure intended to time has probably come for a pause in the acquisition programme. "I think we've reached what you might call the digestive stage right now. If, make GM more responsive to fast-moving trends in the for example, another aerospace company came in the door right now, I think we would say: Please wait, we haven't even finalised Eughes yet." such a short space of time that doubts about GM's ability to

cope are begining to emerge.
Earnings reported so far in
1985 have fallen short of last
year's record level. GM has not Discussions with other com-panies about potential deals continue, however. "We at GM don't know everything and I don't see what harm there can performed as well on Wall Street as other automotive and I can see great gain-Ann Knight, a vice president in talking to people to find at Paine Webber, explains: out what's going on and what "GM's prospects are now much we could do."

"GM's prospects are now much more difficult to assess. It has more difficult to assess. it nasturned into something of a conglomerate. And Wall Street analysts don't like conglomerate. Another prominent Another prominent Another prominent auto
Another prominent autoWhat Street of attitude by the U.S. antitrust authorities whose rules of fact we did consider that if we could not get EDS or a company involved in deals lows and buy a defunct college and institute an enormous train-Roger Smith is doing for GM is excellent. The problem is that so many of his executives cannot keep up. They mouth all the right words but they don't understand what those words mean."

U.S. company involved in deals low and buy a definict college and what is that the world. For and institute an enormous traindecades GM, taking in the ing programme to develop the Skill. EDS has put 6,000 people onto the job it is doing for GM. Where would we find that anti-trust people might pounce number of people? mean."

Roger Smith will have no truck with Wall Street's short-term thinking. "We tried to tell people last year that we were not going to have improved permitted the arrangement run permitted the arrangement run permitted the arrangement run permitted the arrangement run permitted the strangement run pe and insist that the empire be

uply pouring money into new Japanese car groups, and GM that all GM's computer systems

GM's critics maintain that the "We are carefully watching the balance of current income against what we can afford to invest for the future but we are taking on an awful lot at this time: the reorganisation, the tremendous plant investments did I pay for EDS? I'm holding the tremendous plant investments and I pay for EDS? I'm holding

GM's health care coverage — which costs over \$2bn a year and was likely to double within five years — is another area where EDS has extraordinary expertise and is producing immediate benefits.
As for Hughes, Smith says it

can bring to GM systems engineering expertise of the kind that enabled Hughes to contribute towards putting a man on the moon.
"In the whole history—100

He admits it is probably time for a pause in the acquisition programme

\$40 each. Now let me give you some rough numbers. Half the shares I got for EDS are in the Treasury now, roughly speaking, and the value of EDS has doubled. How much did I pay for EDS? I paid nothing for it,

Would it not have been cheaper for GM to develop its own expertise, hire more people, train them, take out

GM is probably second only the U.S. Government the number of comwere But once the authorities puters and systems it uses to proved permitted the arrangement run the business. EDS has the were between Toyota, largest of the expertise to organise things so

Men and Matters

have never done a good systems lob, We have had to rely on the driver.

the advancement in automobiles in the next ten, 15 years is love the new anti-lock brakes. They will love the collision

object." Of course, both Hughes and EDS will continue to serve customers outside GM and to grow in their own ways. "I think the

"I'm convinced that a lot of

We're only at the very begining of the age of microprocessors, they're in the Model T stage." systems will not necessarily the money and effort going into take the enjoyment out of driving for the antiquists. Mr Smith insists the new driving for the enthusiasts.
"Those are the people who will avoidance things that will tell you, when you're backing up, the distance to the nearest

EDS growth may come more through Hughes and EDS working together. There are still tremendous underdeveloped

areas of extertise on Cadcam nese will simply move

(computer-aided design, computer-aided manufacturing) for example, " says Mr Smith. " And one of the great oppor-

tunities for EDS is overseas." The Hughes and EDS management teams will be allowed to get on with the job without too much GM interven-tion. "One of the most important elements in any decision we make to acquire a company is that it has got to have capable management. We're not looking to bail out com-panies in trouble — we don't

He reconsiders that statement, "Of course, I'd be more willing to consider taking on a company in difficulty if it was in the automotive field. What I'm saying is that GM does not have the Hughes expertise or the EDS expertise and that's why we went out to get 'em." Does GM's apparent precocu-

pation with diversification suggest it is losing faith in the automotive business? For example, by 1998, Japaness companies will have the capacity to assemble 1.3m cars a year on American soil and seem to have no intention of cutting back imports. GM, as car mar-ket leader with around 44 per cent, seems bound to suffer. Not so says Mr Smith. All

make sure that GM holds its position in the car market. Then there is the \$5bn being invested in the Saturn project which, although it will result in a small car, is intended to provide GM with answers about the way cars of all kinds can be built profitably in the U.S.

advantage. Roger Smith does not subscribe to the view that if Saturn

and eliminate the Japanese cost

market so that the U.S. groups will have regained the margin-ally profitable small car business but at the expense of the highly profitable up-market

"It's not going to be easy for the Japanese to move up-scale. Their whole market base is small cars, right? They can write off the tooling, in effect, over their home market and they can ship on a variable cost basis to the U.S. and other countries. It's going to be much more difficult for them to afford to do the engineering, to afford to tool up on the basis of no home market and all based on export sales.

"Anyway, have you ever ridden in a Japanese luxury car? It's like a 1935 model.

As for the re-organisation of the car business into two integrated groups—each responsible for its own product, including engineering, manufacturing, assembly and marketing and assembly and means quality, each accountable for quality, business performance and profit-tions are continued in the same with ability-Mr Smith says: "We are in what you might call the drudgery period and working hard to get the systems changed."

He is sanguine about GM's performance in Europe where its losses in the past two years have totalled \$525m. There is a widely-held view that the losses stem from GM's deter-mination to "buy" car market share so that it can overtake its arch rival Ford in Europe.

Mr Smith says that "is what I would call a romantic view.
But it is not a pragmatic businessman's view." GM has been spending vast sums in Europe to bring its factories and product range up to date. Some \$2.4bn went to launch its first small car, the Opel Corsa/ Vauxhall Nova built at a brand new plant in Spain, using com-ponents from other new Spanish factories and engines from a new facility in Austria. The group spent another \$400m on the new Opel Kadett/Vauxhall Astra. Amual capital expenditure at Opel in West Germany. GM's key European subsidiary, is continuing at a rate abov

"We've spent tons of money on modernisation—and we needed to," Smith points out in allowed its European operations to become a little too run-down. He compares GM's sktustion

in Europe with that of a man developing a new vineyard. "How many years before you can pick the first grapes? Six, I think it is. I think we can start pickin' a few grapes in Europe." And there is a final message

for those doubters on Wall Street who suggest GM will not be able to cope with the culture shock over which Mr Smith is presiding. "They've got to have faith in us. They've got to have faith that in 75 years we've learned how to do the better than anybody else. We are the number one company in the world. We didn't get there and similar projects from Ford by accident. And we are going and Chrysler succeed, the Japa- to stay there—but not by acci-

Punjab votes for moderation

which really means an ability to turned against them. A good do the right thing at the right turn-out at the elections demonstrated a measured degree strated the numerical weakness of boldness. His luck, thus of the extremists whose leaders defined, held in the Punjab had called for a boycott of the state election which ended in a polls. bal, the party of moderate to demonstrate its cohesion. In

Al, the fikhs.

Whether the Indian Practically wanted the Akali Dal to defeat his own party, the Congress (I). Is really secondary. What does mater is that the election created a hasis for a lasting accommodation bearing the Punjab and the remment and for state. Not only political determination will be needed. Given the murderous record of the extremists a great deal of extremists a great deal of the state.

The Akali Dal demonstrated its readiness for an accomm tion with Delhi in July when it reached an agreement with Mr Gandhi intended to remedy Sikh grievances. The agreement was also an earnest of Mr Gandhi's readiness to seek com-

That is of the greatest importance. A country as big and as diverse as India cannot be held together by democratic means without a measure of devolution. Mr Gandhi has shown that he knows this, not only in his dealings with the Punjab, but also with other troubled regions. it sets him well apart from his mother who had little patience with dissident regions. Her fear, that an ineffectual central power might eventually have the country break up into its constituent parts, was not baseless. stituent parts, was not baseless. It will be up to her son to find the correct balance between pliability and firmness which alone can solve the many regional problems of India.

So much for the positive side of events in the Punjab, Several grave questions, however, remain. Only statesmanship of a

leadership can solve them.

The power of the terrorists to create mischlef persists, even has cost India dear.

MR RAJIV GANDHI appears to though the popular mood among have the politician's essential, the Sikh population, especially if intangible, gift of being lucky, in the villages, appears to have which really means an ability to

the murderous record of the Sikh extremists a great deal of personal courage will have to be summoned.

Even the pact reached in July between Mr Gandhi and the Akali Dal requires much fleshing out if it is to serve as the basis for a stable relation-ship with Delhi. Disputes with neighbouring Indian states about the use of river waters matter of crucial importance in India and about borders were left open. So was the entire question of a greater measure of political devolution.

Extremists have plenty of opportunity, therefore, to fish in troubled waters it things go badly. Without firm political leadership in the Sikh community, the minority problem will fester on with occasional outbursts of sickening terror-ism. The consequences would be dire not only for the Punjab but also for India's Federal

But if the Akali Dal lives up to the hopes reposed in it and a constructive dialogue takes place with Mr Gandhi, India will have taken a great stride forward. It would enable Mr Gandhi to take the wind out of the sails of diehards who are unwilling to yield any of Delhi's central power or the power of main. Only states on Mr Gandhi's part the Congress (1). A prece-and on that of the Akali Dal dent would have been set for

From GEC to

earnings because we

Cambridge

For the second time in less than a week comes news of a life-long GEC man in the top executive ranks departing to run another British company. Roy Cotterill's face is not too well known in British electrical congineering circles these days.
Since 1960 he has had a series
of overseas jobs for GEC which
have taken him round the
world. For the past 11 years he

and \$5bn for Hughes Aircraft, one of the major U.S. defence

equipment suppliers and num-ber one in defence electronics.

There has also been a plethora of smaller deals.

The two acquisitions have put Smith within \$11bn of his target

f taking GM to \$100bn of

cent of group sales from non-automotive operations.

market place.
So much has happened in

world. For the past 11 years he has been in Australia managing GEC's business there.

Today Cotterill is back behind a desk in England. He has been made the new group managing director for Cambridge Instrument Company and takes over responsibility for the day-to-day running of the company from Dr Terence Gooding, who continues as executive chairman.

In a succrise annointment

In a surprise appointment last week, Arthur Walsh, the head of GEC-Marconi, and a GEC man for the last 34 years, accepted the chief executive

slot at STC, Cotterill, who is 49, says he screw-driver in his hand. His father ran an electrical contracting business in Wimbledon. After Kings College School, Wimbledon, and a Higher National Certificate in Electrical Engineering at the Kingston Institute of Tech-nology, he trained as an nology, he trained as an engineer-manager with GEC.

He was sent to GEC West Indies in 1960, and moved up the management ladder in foreign postings, working in Burma, India, Pakistan, New Zealand, and South Africa, before being made managing director and chief executive of GEC Australia.

Cotterill's immediate job will be to help bring Cambridge Instruments to market. Plans for a stock exchange listing last July had to be shelved because of crumbling prices in the electronics sector. He says the new target date for a listing is now "sometime next year."

about the Cambridge job. He says it was the international flavour of the company with its many overseas subsidiaries that appealed to him, and helped persuade him to move. And how did GEC react to his resignation? He laughs: parted on good terms and the best wishes of senior

Wine and music

colleagues."

Denis Horgan is the Western

Australian entrepreneur you haven't heard of naven't neard of.

His forward planning is that
things will change on October 3
when Klaus Tennstedt conducts
the London Philharmonic at the Royal Festival Hall

Horgan's up-market Australian wine company, Leeuwin Estate, is sponsoring the concert as a Western Australian evening of European and American music. Princess Anne will be

among the guests. He says he is primarily con-cerned to raise funds for charity but he also nurtures hopes that while he is in London he can "educate the British to the great potential of Western Australia and to the enormous interest in the America's Cup" (to be sailed at Fremantle in

February, 1987). He is also looking for some publicity for his fine wines among discerning European drinkers. Soundings in the London wine trade suggest a retail price around £20 a bottle for Leeuwin's white Margaret River Chardonnay. That is an ambitious level for a wine still little-known among European drinkers.

Horgan's privately-held Australian master company is Barrack House. It will be much more widely-known if his most ambitious gamble comes off. He scare. Cotterill was approached by is backing the Caru lean burn. Now some may thin intermediaries in Australia car engine technology in the should no longer shrink

hope it will be accepted by the world's major car makers as the way to combine harsher environmental standards with high fuel

efficiency. He has invested A\$2m in the idea since its inventor, Bob Lampard, came to him 12 years

Now the project has moved from Australia to the U.S. where a small development plant is being set up. Four big motor and

ponents groups in the U.S. and Europe have signed agreements with Horgan but he is not saying who they are.

What's new Pushy-Cat?

A reader, Peter Robeson, of Norfolk, offers his humble apologies to Edward Lear and sends me these verses, which he calls The Owl and the Pushy-Cat:

The Owl and the Pushy-cat sent How to raise a big floating rate note.
They said "It preserves the official reserves
We shall need for a more managed float." For the Owl had heard from the

They had had a complete rethink. They'd planned a concert, concerted a plan To get the dollar to sink, To sink

Their own PSBR has expan- Fringe benefits ded too far
And protection is causing a

Now some may think we

and the second s

To set the dollar to sink.
"Now you know," said the
cat. "When I proposed that
They did not seem to much

dary. What does matters is that From the band of EMS girth, Where the currencies ride on the deutschemark tide And the pound—it will find a new worth, New worth, New worth!

And the pound—it will find a new worth."

The market went reeling, the dollar enfeebling,
But just for the space of a day.

Then they all got confused

Then they all got confused

and felt battered and bruised
And dealers—once moreearned their pay. Controlling money is always funny.

Aggregates can't be relied on. And its tempting fates with free floating rates For they're always such fun

to ride on, Ride on, Ride on For they're always such fun

Tebbit's van

Delegates arriving in Bourne mouth yesterday for the Labour Party conference might be for-given for appearing somewhat confused.

A van was touring the streets with a biliboard saying "Wel-come to the Trades Union After a momentary identity crisis they discovered that it was a Tory plot—paid for by Conservative Central Office.

Indeed the billboard was signed by the Tory chairman Norman Teobit himself. An accompanying leafiet be-ing handed out in the head-quarters hotel explained that

giving the unions the power they wanted by voting Labour would be like electing an unwould be like electing an im-elected government.
Hence, this year's Labour conference, ran the Tebbit message, was little more than a second Trades Union confer-ence. "And," he added, "You're welcome to it."

Travel brochure: "Spain offers blue seas to fish, to swim in, and to sail on. And inland from the

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IN THE East-West diplomacy of the past 40 years, there is one Foreign Affairs: Arms Control iron rule which has until now never been broken: the Russians do not make substantive proposals which are intended to be the basis of serious negotiation and agree-

... 30 1985

They make specious rhetorical gestures, which sound good but mean little or nothing, or they make proposals which they know are non-negotiable; if spiow are non-negotiable; if serious negotiations take place, it is invariably on a Western, usually American, initiative. This 40-year-old rule now must be broken by Mr Mikhail Gorbachev, the new Soviet leader.

For some months the Russians have been dropping the most coquettish hints that the act coquetish hints that the act that they are about to perform on the stage of the Arms Control Theatre, will be daring, exciting and seductive, and with every week the pre-performance hype becomes more breathless. Not long ago, Soviet "sources" were insimuating the idea of a 30 per cent muticipally about the second section of the second s wespons; last week other, equally unnamed Soviet "sources" raised the ante to 40 per cent. The tension is becoming quite palpable; Just How Far Will They Go?

Of course, the live performance has not started yet. The drums are rolling, but when the curtain goes up, we may discover that this ostensibly alluring strip-tease artiste is just the good old Politburo with sequins and a feather boa, all talk and no action. On the historical record, that is more or less record, that is more or less what one would expect,

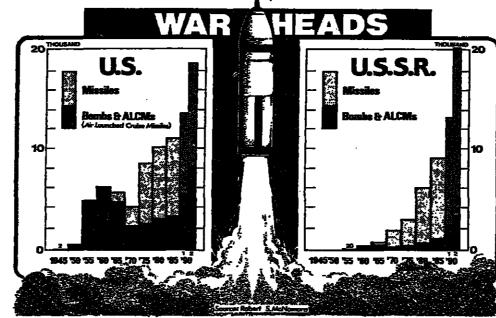
But this time, the advance publicity has been so titiliating and so insistent, that it has become impossible to believe that there will be no follow-through. If Mr Gorbachev were now to fall to come up with an arms control proposal which or arms control proposal which on examination looked like the start of serious bargaining, he would not merely alienate those in Europe and the U.S., who believe that a deal is both urgent and acheivable; he would seriously damage his credi-bility in any future perform-ances in the Arms Control

Theatre.

Since Mr Gorbachev can see this as clearly as anyone else, he must now, perhaps this very seek follow up his vamp act with a formal proposal to the Americans in Geneva, But if so, must simply recant everything why the fan dance? Why didn't he ever said about the Strategic he skip all the nods and winks, and get down to business in a is talking about restrictions on and get down to business in a is talking about restrictions on business-like way from the testing of "Star Wars" technomoment of decision?

Two possible explanations He appears more prepared to

A vamp act in sequins and a feather boa



column for 1990 assumes U.S. and Soviet forces are constrained by Salt 2; the second assumes aggressive modernisation without Salt constraints.

curbs on President Reagan's recent Soviet hints are consister Wars. Strategic Defence firmed in practice, a 40 per cent Initiative. He knew there was reduction in strategic nuclear weapons would not merely be a dramatic offer in itself, it would be compelled to entertion was, and is, whether he could be compelled to entertain it by an alliance of other political forces, in the U.S. and in Europe.

Second, this process of testing audience reaction in the West may also have been nec-

West may also have been nec-essary for the mobilisation of So is the scene set for a breakthrough, for the first-ever achievement of nuclear disarmapolitical support inside the Soviet Union for the framing of a concrete offer. The armed forces and other advocates of a ment? Nothing could be less cer-tain. Mr Edward Shevardnadze, the new Soviet Foreign Minis-"strong" Russia may need to be persuaded that the advantter, may have been quite sin-cere when he told the UN General Assembly last week that ages of a dramatic arms cut would be greater than the risks. there was no "fated clash" be-tween the national interests of So far as it is possible to judge from the nods and winks, the U.S. and the Soviet Union, and that Moscow wanted to build "normal, stable relations" with Washington; but there will be plenty of people in Ronald Mr Gorbachev seems to have edged towards the formulation Reagan's America, and no doubt in Mikhail Gorbachev's Russia as well, who will decline to take either of these propositions on trust.

In any case, the Soviet pro-posals may prove, when or if they are tabled, to be a good deal less alluring on close examination than the advance the appears more prepared to suggest themselves. First, he may have wanted to stir up discussion in the West, to get an idea of the size and strength of the potential constituency which would favour a deal trading cuts in nuclear weapons against in launchers. And if the most of the size and strength of nuclear weapons against in launchers. And if the most of the size and strength of nuclear weapons against in launchers. And if the most of stings in the tail which will only the advance of the windows of the purpose of the wind

tern Europe.
Distracting Western voters will not be difficult. A 40 per

will not be diment. A 40 per cent cut in strategic nuclear warheads sounds dramatic, and it might even be dramatic. But with the strategic arsenals of the two superpowers at their current enormous levels, even a 40 per cent cut would still leave both with far more nuclear weapons than is required for stable deterrence.

Indeed, it is arguable that,

of all the characteristics of a strategic nuclear force, the simple measurement of the number of weapons is the least number of weapons is the least important, at any rate until one gets down to very small figures indeed. The most important characteristics are, first, that the weapons should be invulnerable to attack—hence the American to attack—hence the American fuss about Soviet SS-18s and much smaller numbers would be sufficient; he recommends a second, that they should be capable of reaching their targets—hence the Russian fuss about SDI; and third, that the government should have an effective early-warning and secure command-and-control system Last compast he numbers. For this purpose, in improving Soviet national advantage as well. If he does weapons, the center of the sufficient; he recommends a secure can be used to the sufficient; he recommends a secure can be used to the sufficient; he recommends a secure can be used to the sufficient; he recommends a smaller numbers weapons, in improving Soviet national advantage as well. If he does weapons, he will want to be the number of sided twice — probably three given ments and twice — probably three given in any serious arms deal times. First, with curbs on sided deal governing U.S. misselfective early-warning and years for which the agreement world variage as well. If he does weapons, he will want to be sided deal governing U.S. misselfective early-warning and years for which the agreement world variage as well. If he does weapons, he will want to be the number of "Star Wars"; second, with a one-government should have an weapons, but the number of sided deal governing U.S. misselfective early-warning and years for which the agreement world variage as well. If he does the commends a second, that they should be capable of reaching the does offer deep cuts in strategic weapons, he will want to be the number of "Star Wars"; second, with a one-government should have an warning and twice — probably three gives offer deep cuts in improving Soviet national devantage as well. If he does the capable of the deep cuts in improving Soviet national devantage as well. If he does the capable of the deep cuts in improving Soviet national devantage as well. If he does the capable of the deep cuts in improving Soviet national devantage as well. If he does the capable of the deep cuts in improving Soviet nat

pre-emptive strike against the adversary's weapons. But if the superpowers still retained 5-6,000 strategic warheads, politicians and strategists would still be free to indulge in fantastic explorations of schemes for prolonged and controlled war-fighting, whose public ventilation under the Reagan administration has done so much to inflame popular anxiety.

They would only be forced to abandon these fantasies if the numbers were reduced to much lower levels still. Mr Robert McNamara, former U.S. Defence Secretary, is among those who argue that nuclear weapons cannot be used like other weapons, and can only serve as a deterrent against attack by other nuclear weapons. For this purpose, much smaller numbers would be sufficient; he recommends a

system. Last comes the numbers of weapons.

The political and symbolic value of a 40 per cent cut in nuclear weapons would, of inevitable with agreements course, be immense; but it could not alter this order of priorities. Its military value would depend on where the conts were made: if they bore would run. The two Strategic worry the German and British governments, but delight the anti-nuclear movement; third, not having halted the arms with effective limits on British and French systems, which will meritable with agreements worry Mrs Thatcher and Francois Mitterrand.

Still, these worries are for the moment only hypothetical and conditional. Mikhail Gorba-

and to give both sides the re-assurance of greater predict-ability. The merit of deep cuts-would not be that 6,000 war-heads is somehow safer than heads is somehow safer than 10,000, but that force re-structuring (to reduce multi-warhead missiles, for example), would take a long time to implement—perhaps as long as ten years—and the new. lower levels would need to remain in force for several years thereafter. If the main factor driving the arms race is fear of what the adversary may be planning to be able to do tomorrow, rather than

able to do tomorrow, rather than what he can do today, a long-lasting arms control deal may be the only way to alleviate it. And the sting in the tail? Mr Gorbachev may be interested in mutual stability and security, but he must also be interested in improving Soviet national ad-

Still, these worries are for the moment only hypothetical and conditional. Mikhail Gorbachev's strip-tease has not yet begun, and we still do not have

Lombard

Market view of next election

By Samuel Brittan

not that these views are right, but that it is difficult to do better. Or to put the point another way: people are putting their money where their mouths their money where their months are in forward-looking market are in forward-looking market by prices in a way which does not in the bookmakers' market is apply to econometric forecasts the lack of a book on whether apply to econometric forecasts or the armchair predictions of

wise men.
Similarly there is a market
in political futures, which is a
few steps ahead of the poll
data. This is provided by the
odds that leading bookmakers
put on the result of the next
British election. They are better
than the public opinion polls
because they incorporate forecasts of how such polls are casts of how such polls are likely to move over the next two or three years and how this opinion will be translated into parliamentary seats under the bizarre British electoral system. Unfortunately, the only odds I could obtain last Friday relate

to seats, not to governments. They tend to show the Conservatives catching up enough to gain the largest number of geats. But the odds suggest either that the opinion is not held very strongly or that the Conservative lead is likely to be

modest.
Ladbroke's, for instance, are quoting evens on the Conserva-tives having the largest num-ber of seats. Labour is quoted 5 to 4 against and the Alliance 5 to 1. William Hill gives odds of 11 to 8 in fayour of the Conservatives gaining most seats and 11 to 8 against Labour, with the odds of 6 to 1 against the

The markets are still what the City would call "thin." The weight of money behind Ladbroke's bets is about £75,000 compared with £1m expected by election day in 1987 or 1988. One single large bet the weekend before last was sufficient to push the Conservatives from slightly behind to the favourite

Although not as favourable to Labour as the opinion polls, the bookmakers' odds are far from

THE CASE for taking seriously predict that the Alliance will the views of the future not overtake either of the large embedded in market prices is parties, they leave all to play parties, they leave all to play for in Alliance seats. They are consistent with the Alliance gaining a large multiple of their previous 23 seats or making no breakthrough at all.

the leading party will have an absolute majority or not. Mr Ron Polland of Ladbroke's, who is the doyen of this type of betting, believes however that if there were such a book the odds would be five to two in favour of a hung Parliament. That is, no party would have a clear win.

If Dr David Owen did not exist, it would be possible to guess the next stages. Labour would try to force an early second election and would succeed because of the Liberal and Social Democrat desire never to be seen to be aiding

Dr Owen could, however, just have the ruthlessness to stop Labour drifting into power in

this way. Suppose then we had some sort of Tory-Liberal-SDP coalition, what are the financial implications? According to Prof Patrick Minford in the latest Liverpool Economic Bulletin, this is one reason why medium and long-term rates of interest remain stuck in the 10 to 11 per cent band.

He suggests that the term, structure of rates, "although it does not imply a strong resurgence of inflationary expectations does mean that interest rates particularly interest rates, particularly medium dated, will remain sticky downwards."

of course political risk is not the only factor at work. Uncertainty about the Govern-ment's policies here and now, such as those stemming from the battle on public sector pay and doubts about taxes, may also be undermining the credibility of its commitment to reduce inflation to 3 per cent and below.

It would be a bold man who could sort out the relative weight of these different forces; and direct evidence from 97 and 23 for the Alliance. the bookmakers is a useful There is much that these odds supplement to what the financial

UK university admissions

From Mr K. R. Wade Sir,—The article on UK University admissions by Jonathan Steinberg (Septem-ber 25) rightly drew attention to the shortcomings of tertiary education in this country. A major part of the problem, however, and an indictment of our education system in general, is that we neglect to teach people how to use benewhatever skill and knowledge they may have

Examples of Britain's inability to exploit successfully our own inventions are legion. Loss of market share by British manufacturers has at least as much to do with misjudged

Use of currency options

From the Joint Managing Director, Butler Treasury

Sir,—I am concerned that some of the comments in the Lex Column of September 23 about Fison's use of currency options to hedge overseas trading earnings might have the unfortunate consequence of discrete at the companies from unfortunate consequence of dis-suading other companies from the prudent use of options to cover their foreign currency exposure. In particular, I feel that too clear a distinction was drawn between transaction and translation exposure. The limitations of historical cost accounts in presenting the true economic performance of an enterprise in an inflationary climate are well-known and the translation impact of currency movements is yet another

The point is that, like it or not, companies with overseas assets (and liabilities) are exability to exchange rate move-ments on the exposure hedged. posed to the economic impact of exchange rate vagaries however their accounts might be presented. Those which are risk ments on the exposure hedged.

A significant advantage of options, however, over other hedging techniques is their flexibility. By accepting an initial tranche of risk (i.e., an excess) and covering at a rate above the current level, consistent with the company's particular pain threshald, the cost of premium can be substantially reduced.

New financial techniques averse normally seek to achieve balance sheet neutrality by matching foreign currency assets with equivalent liabilities, but might still be exposed on the stream of earnings those assets are expected to produce. After all, earnings represent the net effect of transactions and at some stage are expected to be turned into cash. It does not necessarily follow that all New financial techniques usually develop and thrive on the back of a basic underying commercial need. Markets in instruments of risk transference, like options, require the participation of speculators to provide the liquidity required by hedgers. Most corporate users fall quite clearly into the latter companies adopt a policy of re-investing such resources in the overseas investments which overseas investments which produced them. Some may be required for repatriation to meet home expenses or to cover dividends or for investment elsewhere. If they are considered vulnerable to exchange rate movements, surely it is category and it seems un-reasonable to me to cast them in the role of currency specurate movements, surely it is lators.
prudent to hedge. Peter N. Scott,

Contrary to the impression Adelaide House, given by Lex. options remove London Bridge, EC4.

Letters to the Editor

frightening, lack of commercial nous in many would-be entre-preneurs (and in more than a few established companies). These are all symptomatic of an education system which sees an equisition of knowledge as an end in itself and which singularly falls to impart the necessary skills and motivation to put it to good use.

A necessarily bureaucratic system cannot hope to provide

much to do with misjunged system cannot hope to provide markets as with adverse economic factors. Those of us with venture capital experience will testify to the, sometimes rapidly changing needs of a

objectives of every aspect of education (presumably a purposeful endeavour) should be clearly identified to all concerned, especially the pupils, who should be encouraged to the necessity for companies to "take a view of currencies." They are more akin to insurquestion the relevance of what-ever it is they are doing. Tertiary training should in many ways reservile management courses, including subjects such as sales and marketing, organisation, and They are more akin to insurance whereby the payment of a fixed premium guarantees a minimum amount at which the projected foreign income stream can be reflected in domestic currency. If worst fears materialise, the option will compensate the company for the loss it would otherwise

in the application of knowledge in achieving set objectives. The

Specific vocational training, especially in technology-based subjects, would be better pro-vided in the form of special for the loss it would otherwise have suffered and it would be short courses, tailored much more closely to the needs of in much the same position as if it had covered by means of a local industry and commerce, with much more flexible entry forward contract. On the other hand, if exchange rates move requirements in general, successful men

in the other direction, it will avoid the toss it would have suffered on a forward deal. In and women from all walks of life should be encouraged to spend part of their time teach-ing at all levels of education. other words, it is insulated in both directions. Of course, like insurance, there is a cost, which is the price of the premium. Whether or not a company is justified in They can provide knowledge experience, and above all in spiration to a generation which will need all it can get. purchasing an option depends on a judgment about its vulner-K. R. Wade

Jasmine Cottage, Riverside Road West, Newton Ferrers,

U.S. example in higher education

From Mr James Cooper Sir.—May I support Jonathan Steinberg's plea for change in our educational system (UK university admission, September 25), possibly using the United States as an illustration.

Thanks to the early decision process in most American col-leges and universities you can know by the New Year of the result of your application, leaving time to apply elsewhere

leaving time to apply careful if disappointed.

Having had all my four children go through UK comprehensive schools and then to American universities I am not convinced that the UK produces a superior product at an equivalent age. All my children

obtained 10 O levels and three A levels, but none found his or her American academic career easy, even in maths for the daughter who obtained an A grade in English and Maths A

at advanced levels speak for themselves, particularly in technology. I suggest that neither in quality or quantity are we modern industrial society. What outstanding. Even worse is our modern industrial society. What it can and must do is to provide the ability to acquire specialised knowledge (literacy, numeracy, comprehension); the skills to use it (objectivity, creative thinking): and the motivation to do so. Fail to provide any one and you fail totally.

Primary secondary and termination of this country and one clitzen of this country and one. ference is there between a citizen of this country and one Primary, secondary, and ter-tiary levels should all include a significant amount of training from the Third World?

James Cooper. Managing director Wickham Engineering Co., Ware, Herts.

A consensus on non-proliferation From Dr J. K. Leggett

Sir,—You point out in your editorial of September 26 that "... the view that the U.S. does not want to call a halt to testing until it has completed tests on its next generation of nuclear weapons . . . appears to contain more than a grain of truth . . . ". True, but you fall to mention that the UK is in the same boat: the Trident warheads, designed at Alder-maston and built at Burghfield, must undergo a series of tests in Nevada.

You mention that " . . . inadequacy of verification tech-nology . " is advanced by the U.S. and UK as a reason for not negotiating the com-prehensive test ban treaty which the Soviet Union and the non-nuclear signatories of the Non-Proliferation Treaty are so

You correctly comment that this view attracted criticism on scientific grounds from several prominent non-nuclear Western nations at the NPT Review Conference in Geneva last week. Small wonder: most scientists concerned with verification tech-nology view the U.S. and UK protestations as an excuse, not a reason.

Accordingly, your comment

Accordingly, your comment on the final resolution of the MPT Review Conference is totally misleading. You say that "... the wording of the final document was sufficiently fudged to let the Western nuclear powers off the hook on the CTBT ...". In fact the final communique instructed the nuclear powers to begin CTBT nuclear powers to begin CTBT negotiations without delay. Were this to happen, the UK Government would have to come to the table hopelessly compromised over Trident. J. K. Leggett.

Imperial College of Science and Technology,

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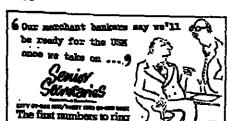
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FINANCIAL TIMES

Monday September 30 1985



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Terry Byland on Wall Street

Predators find taste for foods

THE TERMS of the proposed merger of Philip Morris and Gen-eral Foods, in themselves a dramattakeover speculation, have set the stage for further excitement in Wall Street's food industry stocks.

bid up stock prices in several well known names. Pillsbury - regarded as an alternative target for Philip Morris - Quaker Oats, Kellogg, General Mills, Borden, all attracted

Since it was no secret that there were plenty of alternative suitors interested in General Foods, the speculative pressure on the other food stocks is unlikely to lessen.

At \$5.8bn in cash, the Morris-Foods merger is among the top 10 of a U.S. merger list dominated by the huge oil-industry bids of the past five years. The earnings multi-ple offered for General Foods may be fitting for a premier world food marketer, but it has lit up the eyes of the Wall Street predators.

been a latecomer to the New York takeover scene. Despite such deals as the S4.9bn takeover of Nabisco Brands by R.J. Reynolds, the \$2.9bn purchase of Carnation by Nestle and the \$2.7bn purchase of Esmark by Beatrice Companies. many other household names in the industry lay dormant until quite

That was in part because the household names themselves began to sound a little old-fashioned. Quaker Oats, Kellogg's Cornflakes, or Shredded Wheat failed to excite stock markets agog at personal computers and similar electronic

But the balance has been restored as Wall Street has recognised the skill of the food companies in building brand names, mov-ing into fast-loods and exploiting the new markets for natural or nutrition-enriched products.

Over the past five months, foodsector stocks have risen by about 18 The issue appeared to overhang per cent, while the Standard & all other subjects to be discussed at the party's annual conference, numbers. Eight new recent to a section of the conference, while the party's annual conference, while the party is a section of the party market valued General Foods at a mere 40 per cent of the price finally agreed to by Philip Morris at the end of last week.

But, with Philip Morris now willing to pay just over 19 times existing earnings for General Foods, the ante has been raised significantly. Not even the most active of the sector's takeover favourites has yet discounted such a valuation in the

market place.
Pillsbury, the Minneapolis-based convenience food producer, grain miller and Burger King operator, has been the most active speculative feature of the past week. Two thirds of its earnings come from the restaurant franchises, which have proved a faster growth area than the food business. Consequently, the shares already trade at a price-earnings ratio of 1.48 per cent of that on the Standard & Poor's 500 stock index.

But even at \$58%, the last price before Hurricane Gleria closed down Wall Street on Friday, the stock has about \$20 to go to equal the rating put on General Foods by the rating put on General Foods by the Morris tender offer, even on ex-isting earnings. If Wall Street pre-dictions of a 14 per cent gain in earnings this year are realised, then a serious bidder may have to pay into the high \$80s.

Pillsbury is a favourite for a bid because its restaurant businesses -Bennigan's and Steak & Ale, as well as Burger King - would presumably benefit from a buyer with deep pockets, able to expand by modernising existing premises and acquiring new ones. But Philip Morris is not the only cosh-rich company looking for a consumer-company

Only a tiny percentage of the Pillsbury equity is insider-bold, so the stage may be already set for Wall Street's next takeover drama. Quaker Oats, also a favoured takeover spot last week, is similarly situated, with its stock price of \$55% on last year's earnings of \$3.76 per share looking underrated after the General Foods-Morris announce-

Quaker Oats is in the process of a stock-buying programme, which means an increase in not share earnings of about 13 per cent this

The list of potential bidders for food companies is a long one in-deed. Rivals for General Foods were never disclosed, but insiders were never disclosed, but insiders named Unilever, suggesting that only the preoccupation of the Anglo-Dutch giant with Richardson-Vicks had kept it out of the final race. Nestle, buyer of Carnation, is thought to be on the lookout for another U.S. acquisition.

If unrertainties over corporate

If uncertainties over corporate profits continue to depress Wall Street's industrial stocks, then the food sector might be the one to watch between now and Christmas.

Philip Morris diversifies, Page 21

Gatt hopes to avoid rift over trade in services

BY WILLIAM DULLFORCE IN GENEVA

of the General Agreement on Tariffs and Trade (Gatt) on a new

Felipe Jaramillo, the Colombian chairman, and Mr Arthur Dunkel, the Swiss director-general of the Gatt, opened up the possibility of a compromise over the wording of the agenda which would prevent an immediate breakdown over the controversial issue of trade in services.

Yesterday's discussions were limited to a small group of heads of U.S. mission representing leading pro-tagonists from both sides. Final agreement on the agenda, it was til the arrival last night and this morning of beads of delegation.

The special three-day session of

HOPES OF avoiding a rift between U.S. and with the backing of 64 up trade in goods, to which they are the industrial and developing coun-countries. It takes place only seven tries at the start of today's meeting weeks before the regular annual meeting of Gatt.
The U.S. took this unusual step in

round of multilateral trade negotia-tions revived slightly yesterday. Gatt Council in July which prevent-consultations orchestrated by Sr ed the establishment of a committee of senior officials to prepare for new trade negotiations next year.

The deadlock arose over the U.S. insistence that the new round must incorporate negotiations on ser-vices as well as on goods. The Euro-

> developing countries supported the A hard core of five developing countries - Argentina, Brazil, Egypt, India and Yugoslavia - has led the opposition to the inclusion

most industrial countries and some

Their position reflects developing country fears that the industrial

aiready committed under previous negotiating rounds and under the

The hardline developing countries have threatened to contest any agenda for today's meeting which suggested that services would form

Comments by U.S. officials last week indicated that Washington's week indicated that washington's impatience over this procedural block was growing and that the U.S. might be prepared to force through a majority vote which would break Gatt's tradition of proceeding by

emerging from the last-minute con-sultations yesterday and this morning will le ave the U.S. free to raise the issue of services and at the same time make it clear that no country is committed in advance to

Gatt's 90 contracting parties has countries will seek concessions on country is committed in been called at the instance of the services in return for action to open negotiating on services. Kinnock seeks to avoid Labour split over reimbursing miners

BY PETER RIDDELL AND JOHN LLOYD IN BOURNEMOUTH

LEADERSHIP OF the Labour Par- some future date, that another govty in Britain was last night making strenuous efforts to avoid a bitter split over any commitment by a future Labour Government to reimburse the mineworkers' union for all costs and penalties incurred dur-ing its year-long strike over pit clo-sures, which ended in March this

Mr Neil Kinnock, party leader, was at the weekend staking his authority as party leader on an issue he presented in stark, almost moral, terms. He said: "Reimbursement is not acceptable because it would be completely wrong for us - how-ever much we dislike it - to try to guarantee a system of repayment for offences committed which at the time were illegal."

opened in Bournemouth

On Wednesday, the conference will be asked to approve a motion from the National Union of Mineworkers (NUM) that calls for a rea result of offences committed during the dispute, reinstatement of all nissed miners and reimbursement for the NUM.

An identical motion was narrowly approved four weeks ago by the rades Union Congress. Mr Kinnock elevated the importance of the matter by saying yesterday that he wanted to reply to the

heated six-hour meeting of the na-

tional executive committee.

Mr Kinnock said acceptance of

BY TONY JACKSON IN LONDON

BRITISH AIRWAYS says it will

push ahead alone for greater lib-

eralisation in European air fares

breach in the previously united Eu-

Disagreement surfaced at a meet-

ing of the Association of European

Airlines in Brussels on Friday held at the instigation of the EEC Trans-port Commission, which is seeking

to liberalise air transport in Europe.

participants failed to agree a joint

approach on the commission's

Mr Colin Marshall, chief execu-

ed at the limited extent to which the

British Airways (BA) said the

ernment will pick up the tab. No

serious government could do that, or should do that." He made clear in a television interview that his objections to reimbursement retrospectively also applied to councillors, including those in Liverpool, who are involved in a

Mr Arthur Scargill the NUM president, showed no sign whatever of making concessions to the party leadership. He said after a two-and-a-half hour meeting of his executive yesterday that the motion "will stand – and a delegation will be calling for maximum support for a policy which is not only the NUM's but the TUC's as well."

Mr Kinnock faced further embarrassment yesterday when the national executive decided by a narrow margin to support a motion promising fully to compensate local councillors for any losses resulting That was identical in substance to the spirit of the miners' motion view of all cases of miners issiled as on reimbursement to which Mr

> Late last night negotiators from the NEC - Mr Alan Hadden, the party chairman, Mr Sam McClus-kie, the treasurer, and Mr Larry Whitty, the general secretary were attempting to secure a com-promise - probably on the basis of agreement by the NUM to replace the motion by an NEC statement of

debate on Wednesday, in spite of the possibility of a personal rebuff if the motion were passed.

His stand provoked strong criticism yesterday from leaders of the party's hard Left particularly at a collar union ASTMS some days ago and yesterday, the print union Sogat 82 also voted in its delegation to support Mr Kinnock. The 600,000 votes from the Na-

BA in 'lone push for flexibility'

port system in Europe." BA agreed yesterday that there

were few concrete measures it could take on its own. However, it

said it would give more public sup-port to moves by the British Gov-ernment which, in the past year,

has reached agreements with the Netherlands and Luxembourg to

The UK carrier said: The air-

lines which favour change are our-

selves, British Caledonian, Aer Lin-

gus and KLM. BA has become more

efficient, but some European air-lines which have not still favour old-style protectionism of a kind

"We do not necessarily want to re-

would be against the law.

liberalise air traffic.

tive of BA, said: "We are disappoint- which in most other industries

spond positively to the need for a duce air fares across the board.

World Weather

more liberal and flexible air trans-port system in Europe." However, in poor summer weather such as last month it would have

the motion would "involve saying to people who transgressed the law, at tional Union of Public Employees might swing behind a compromise-but probably only if it were accept-able to the NUM. Mr Albert Williams, general secretary, of the building workers' union, argued passion-ately for a switch in its position of support and lost by one vote in his

A proposal to meet the NUM was put forward by Mr Roy Hattersley, the deputy leader, and backed by Mr Kinnoch, who said the issue was really about whether they elected a Labour government. He claimed that there was no one on the NEC who did not know in their stomachs that what the opinion polls were saying was true, and was borne out by the comments of solid Labour

The calculation of Mr Kinnock's advisers is that a strong stand will impress the electorate even if there is the serious risk of the conference not supporting him on this particu-

Mr Kinnock was attacked yester day by both the hard Left and nor-mal soft-Left allies. Mr Tony Benn challenged Mr Kinnock's view that he had to be able to defend everyone in the party election manifesto. Mr Benn asked: Will it be our conference or just a vehicle for a leadership drunk with power and puffed up by ambition? - a reference to Mr Kinnock's own words about Dr David Owen, the Social Democratic Party leader.

From the soft Left, which has normally supported Mr Kinnock, Mr Peter Hain told a meeting of the Labour Co-ordinating Committee that Mr Kinnock could not lead the party "Rambo style." He had got to lead by consent.

Mr Whitty writes in a newsletter that Labour "still has a credibility gap that it needs to overcome." Kinnock backs ballot fund,

been ideal to be able to offer special

price offer for Angust would not have obtained approval until next January. We think that is ridicu-

At the Brussels meeting of the as-

sociation, BA argued that if the in-

dustry did not agree to liberalisa-tion, it would be enforced by the

EEC in forms that the industry

would dislike.
"The Friday meeting was a watershed," BA said. "It was the last

chance for the airlines to present a

united front on changes which are

going to be imposed on them any-

Hussein offer

divides Israel

Continued from Page 1

and its sympathisers in Congress to end the deal.

In contrast Mr Yitzhak Shamir.

the Foreign Minister who is also leader of the Likud said there was

Mr Moshe Arens, Minister with-

out-Portfolio and also a member of

Likud, said on Israeli radio that

"those who react with enthusiasm

to Hussein's words did not read

everything he said." He pointed to

King Hussein's call for an international conference and Soviet parti-

cipation, in particular.

nothing new in the speech.

lous, and so does the EEC."

MR DOUGLAS HURD, the new British Rome Secretary, yester-day rejected a call by the opposi-tion Labour Party for a public inquiry into the arson and looting in the south London area o

Brixton on Saturday right in which 10 policemen and 43 mem-bers of the public were injured. London police, backed by Brixton residents, yesterday claimed that opportunists seized upon the an-ger over the police shooting of a local resident, Mrs Sherry Groce, as a cover for the riot and the subsequent 137 serious crimes (of which 58 were burglaries) in the area at the time.

Subsequently petrol bombs were thrown. Outbreaks of violence then continued within a half a mile radius of the station until

Four buildings were seriously damaged, two gutted and 55 cars damaged.

ondon police said the disturb ances were not as serious as the 1981 riots in Brixton when 300 policemen were injured and more extensive damage caused to property, particularly in Brix-ton High Street and Rallton

of West Yorkshire, into the accid-

Her house was raided by police on Saturday morning searching for Mr Michael Groce, aged 17,

Deputy Assistant Comm Richard Wall Richard Wells, speaking at a press conference at Scotland Yard yesterday, said: "Following our tragic shooting of Mrs Groce, feelings began to run under-standably high in Brixton, with marked hostility towards the po-

to the incident with rumour spreading rapidly that the in-jured woman had been shot twice in the back, which he said was incorrect, and that she had died.
"The spread of these rumours,"
said Mr Wells, "inelled existing

violence. "with difficulty, that balance was achieved by a planned upgrading of response." Police, he said, now had to re-build links with the community.

during the day.

Huddles of people, both black and white, inspecting Brixton's de-hris-strewn streets yesterday unanimously condemned the po-lice shooting but claimed it was a

One middle-aged black man, a builder, said: "They have not got anything, a lot of these young-sters, so they take the opportuni-ty to grab it." He claimed many outsiders flocked to the area as tensions built up during the day. The area has a male unemployment rate of 26.8 per cent with that among young blacks estimated to be double that figure. It also has the second high-

Call for probe into London riot rejected

Shopkeepers, however, criticised the police for not taking more prompt action to stop attacks on both white and black-owned

The disturbance began around 5.30pm when a 150-strong crowd gathered at Brixton police station protesting about Mrs Groce.

The independent Pelice Complaints Authority is to supervise an in-vestigation, led by Mr John Do-maille, assistant chief constable ental shooting of Mrs Groce who is said to be "seciously ill but

Mir Michael Groce, aged 17, wanted for questiening in con-mertion with a £10,000 (£14,000) armed robbery in Hertfordshire on September 10. On Thursday, Hertfordshire police sought Mr Groce at another London address. A shotgun was fired but the assailant is unknown. Last night Mr Groce gave himself up to south London police.

He said these "genuine feelings" were taken up by others who "knew little" of the background

"At the same time, substantial numbers of opportunists profited from the occasion and from the distress and high-running feel-ings of others, not simply to protest or to demonstrate at the lice - which we could underst ~ but to indulge in acts of wanton damage to property and injury to innocent citizens."

Police, he said, tried to find a halance between a level of policing that did not provoke bostility yet at a level that contained sporadic violence. "With difficulty, that

Several people in Brixton, however, yesterday accused the police of taking a too low-key approach

spark to frustrations among the area's unemployed who took the opportunity to grab jewellery and

est incidence of one-parent families and a disproportionate number of old people in its population, which has dropped heavily

THE LEX COLUMN

Fowlering up the markets

earnings-related pension scheme (Serps), trickle in to Mr Norman Fowler, Social Services Secretary, much has been made of the imprac ticalities and inadequacy of its pri-vate replacements. But just as interesting are the financial implica tions of scrapping Serps. Duncan C. Fraser, the firm of actuaries, claims that up to £25hn could be taken out of financial markets and returned to the Government in 1987 alone enough to fund three years of public sector borrowing requirements -and as much as film a year could change hands thereafter.

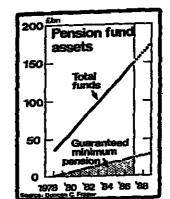
Under the proposals of a govern-ment discussion document, any Bri-ton within 15 years of retirement age in 1987 will still be entitled to his or her Serps pension or its pri-vate equivalent, the guaranteed minimum pension (GMP). But pri-vate schemes which have decided to contract out of the state scheme and provide a GMP instead will only be offered a 4 per cent rebate on their national insurance contributions for their pains.

such a figure is curious. At the moment, contracted-out schemes are given a 6% per cent rebate to provide for all their members, young and old. That figure should rise, not fall, if it is only to apply to the oldest third of scheme members because their pensions will have to paid somer. Actuaries have calculated that the real cost of providing a guaranteed minimum pension for these people is at least 8 per cent.

Contracting back in would admit-

tedly involve substantial time and effort and might be complicated to administer, but most pension funds of the markets in anticipation of would find it hard to justify to their trustees a decision to provide their be somewhat mitigated by the Govpensions at double the cost of mov- erament needing to borrow less and ing back into the state scheme. So unless the Government changes the terms for older employees, it is likeonly half their cost.

scrapping Serpa could be even more Given this Government's propen



dramatic. Once private schemes have decided to contract back future contributions into Serps, there seems little reason to carry on administering the nine years of con-tributions that will have been paid in between 1978, when Serps started, and 1987. Schemes are allowed to move this liability, and its accom-panying assets, back to the

Duncan C. Fraser estimates that the total amount of GMP contribu-tions being administered by pension funds (the shaded area of the chart) will be around £25bn by 1987. Funds could have several reasons for returning this to the Govern-ment, not least of which might be a reluctance to cope with two sets of regulations for pre- and post-1987 contributions.

Of course, it is highly unlikely that the full £25bn would be re-

turned. But even, say, £10bn, could have a heavily distorting effect on the equity and gilt-edged markets as securities are sold in order to hand cash back to the Government. It could well start a vicious circle of

only half their cost.

None the less, the extra money attractive to consider; a matter of But the one-off financial effect of would doubtless come in handy. creating one distortion in order to exapping Serps could be even more Given this Government's propensi-offset another.

current expenditure, it somehow seems unlikely that the money would simply be put away for the benefit of future pensioners. Al-though whichever Government is in power by 2020 will have to pay out up to El 3bn a year in Serps pensions, 40 years is almost too long a

The film a year would at least help to offset the decline in oil reve-mes by 1967, while the cash from past contributions would be more than enough to fund any vote catching cuts in income tax. If it were to be used for current expenditure at all, however, a cut in National Insurance contributions might be more appropriate, since this gen-eration of workers will by then be paying for both present and future generations of pensioners.

Alternatively, the money could purely reduce the public spending borrowing requirement, allowing interest rates to fall in the pre-election year. Presumably the 29 new gilt-edged market-makers would not be happy, though, if the Govern-ment were to kick the habit of issuing gilts. If the stock market were indeed devastated by a pensionfund sell-off, future privatisations would be hard to organise - but then, ideology aside, the Government would not need the money,

anyway.
All this must surely be no more than speculation. Although any government might secretly welcome a windfall, this manna from heaven Serps - that pensions should be pro-vided by the private sector. Besides, the possible disruption to financial markets is not something the Government would shrug off lightly.

Distortion

If it is determined to go ahead with the abolition of Seros, despite vociferous opposition, it will have to change the rules to stop money flowing back to the state. The Na-tional Insurance rebate for GMP terms for older employees, it is like— It is unclear whether the Govern-ty to see an inflow into its coffers of ment was aware of these possibili-contributions will have to be subup to film a year from 1987 on-wards in the form of higher Nation-al Insurance contributions. Rather which the proposals have been Short of changing the law under than privatising pensions, which launched suggests that the absence which schemes contracted out in was the initial objective, it will be of discussion is an oversight rather the first place, the only way to stop renationalising them; and taking on than a conspiracy to beef up revethe hump sums moving back is to
liabilities which will be funded at moss just before the next election. make the terms financially too un-

Marketing by design

Better late than never

make to industry and commerce has been getting a lot of attention from the media and government circles too. Better late than never, Conran Design Group say.

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SECTION III

FINANCIAL TIMES SURVEY

Europe's 53m office workers face unprecedented changes in their working environments as the decreasing cost of computers and the increasing cost of people tempt managements to buy more and more technology.

New emphasis on integration

DESPITE RECENT setequipment industry in so on, the high growth rates buoyant. Suppliers in the UK's £5.5bn market—the world's second largest after the U.S. — are now more orders.

Among member - companies of the British will soon regret the decision.
Equipment Trade Associa"Convergence has a new tion, 60 per cent have taken still heavily reliant on meeting the needs of 360,000 offices in the UK

The office automation equipment market was booming in Europe until the end of 1984—then came the slowdown in high technology sectors. The total text processing market in Europe grew from \$210m in 1980 to \$3.2bm by last year— "the growth rate was a ridiculous 1,400+ per cent," a recent Wharton market report

By MICHAEL WILTSHIRE the sudden downturn in revenue, but a less obvious factor is the need for better control of organisational costs. Until computers begin to be connected, with access to servers, databases, with more

optimistic about the general aware of the need for the inte-business climate than they were six months ago, with more than 70 per cent reporting an increase in pieces of the electronic jigsaw without carefully considering without carefully considering the future role of each item

"Convergence has a new meaning," says Dr Nigel Horne, on more staff this year and 47 per cent of companies also report increased gathering, dissemination and export sales in the last six even interpretation of informamonths, although the majority of suppliers are still heavily reliant or profound if they are to ensure their competitiveness for the Of future."

> The first real change in the office world in recent years was the arrival of the calculator, which is now almost universal it is estimated that there are 20m of them in use in the UK

Then came computer terminals and word processors. They were followed in about 1980 by



• THE FIRST typewriter to be manufactured in Britain for ten years is checked at Brother Industries' plant in Wales, where the Japanese group is investing £10m in facilities to produce 240,000 electronic daisy-wheel machines a year. Brother's AX-10 machine is being checked here by Mr Masao Kato, managing director of the UK project and Mr Malcolm Neuman, general manufacturing manager. (Typewriter market: see page 4).

when in the U.S., for example, it collar workers will be equipped use an electronic typewriter, the was claimed that equipment with an electronic workstation, investment for factory workers either stand-alone or connected different in performance from the type of the stand-alone or corporate the previous electro-mechanical investment. investment for office staff. Today the gap is closing fast.

In the personal computer market, sales in Western Europe are forecast to grow five-fold by 1990, when personal systems worth more than £8bn will be sold each year, according to the were followed in about 1980 by latest survey by market analysts, electronic typewriters and, most recently by personal computers.

All this has led to a dramatic turnaround since the mid-60s among Europe's 53m white

Despite the slowdown in high technology, the European mar-ket potential in the office automation industry is still vast when one considers that: Europe employs 6m typists, but only 260,000 of them as yet have a word processor. About 350,000 of these typists have a

personal computer, dedicated to word processing,

Europe's 13m clerks are using 3m personal computers. There are about 650,000 personal computers in use on a walk-up, shared basis. Government departments and commercial sectors employ

about 19m white collar execu-tives in Europe, but they are still largely untouched by the developments of office automa-

About 100,000 professional workers — for example, engineers with a well-defined job functions, or actuaries in insurance companies—are now using personal computers. But line managers, and particularly those whose responsibilities are "task-driven," need access to a number of different and probably separately structured data-bases. They also need systems to provide the definitions of the records in the database, when it was last maintained, and how to use the packages to manipulate the information.

IN THIS SURVEY

Computer software bo Word processing systems ic typewriters New mailing systems

Dictation equipme Company profile: Railex Group profile: Grundig Office environments

microcomputers which can be considered expensive hobbyist machines, but which are also used to maintain accounts and produce correspondence.

 There is a large and rapidly growing market for re-placement machines, in addition to the added-value server products, such as electronic mail, electronic filing, advanced printers, and so on, says Wharton.

Given this almost limitless market potential, it may therefore be a surprise to learn the

fore be a surprise to learn that according to Trade Indemnity, the UK's largest credit insurance agency, insolvencies in the automation supply field almost doubled in 1984.

Their analysis showed that some of the smaller distribution companies could not sustain the pressure of IBM and Apple's price cuts. Some of the small software suppliers found the pressure of standard packages, plus the greater purchasing power and retailing muscle of the large marketing organisa-

tions, irresistable.

Although the market looked so large and inviting, the miss-ing elements among a lot of entrepreneurs were correct marketing and cash flow.

Electronic typewriters are a major contender to become the desk-top workstation, since the typewriter—along with the portable computer—is the most basic entry point into office automation. This is the reason there is so much market there is so much market activity in this area. But in

•Small service organisations in Europe—groups such as medical and legal practices—employ about 5m professionals employ around 250,000 "twilight" steady state where they are now steady state where they are now selling in the numbers at which previously electro-mechanical models and manual machines were replaced in the 1970s," says Wharton.

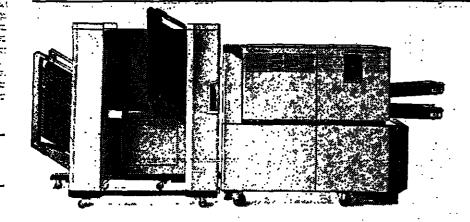
Imports

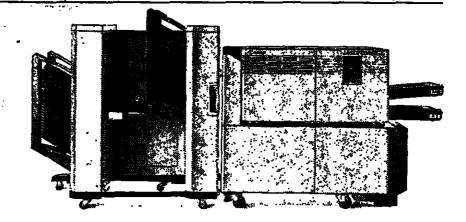
Last year the UK imported more office typewriters from Japan than from either Germany or Italy. The EEC has taken action against what was perceived as Japanese dumping of electronic typewriters into Europe—the result, however, was that some companies stockpiled and thus distorted import piled and thus distorted import figures: some increased prices in the hope of persuading the EEC that they were not dumping; and some, such as Brother (in the UK) and Canon (in France) moved more strongly towards European production.

Now a new dumping row is being focused on the copier market, after complaints from the Committee of European Copier Manufacturers in the EEC. Meanwhile, a number of UK manufacturing groups are seeking to counter foreign imports. The new British Office Technology Manufacturers Alliance, for example, is urging UK office managers to buy British computers and bolster annual

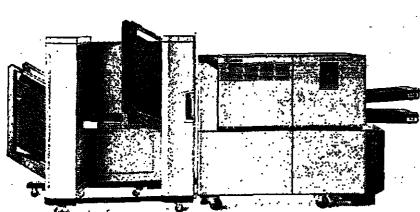
sales of about £1,5bn. Integration of office systems is clearly the way ahead, with networking becoming increasingly visible in the European

CONTINUED ON PAGE 8





"This is your copier speaking."



It can also control up to four printers. This in turn makes it one of the most reliable copiers.

The Laser is also the most versatile copier yet made. It offers an impressive array of intelligent and auto-

identify 64 gradations of tone. It can copy the facing pages of a book masking out

and out to reduce down to 50%. And like a word processor it can edit by framing, blank-

ing and shifting position.

The machine then automatically selects the right size

paper, or the correct magnification and ideal exposure. What's more, all your most frequently used copying jobs can be stored in a multimemory programme.

You can start with one printer and one scanner and

There are a number of Laser systems for you to choose

work up to four printers and four scanners. Tomorrow the system will play an important role in office automation as a local copier network.

It has the potential to revolutionise the office as part of a completely automated electronic publishing and Canon have been market leaders since 1982, with one

of the largest direct and dealer networks in the UK. To help you further, we've recently set up a new company, Canon Finance Ltd.

Because a copier that's built like Concorde, is obviously going to cost a little more than the average jumbo.

	A demonstration (Audience)	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	

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Postcode	_		Tel No	
		Ca	non's	8.85.30LE

To compare the Canon Laser System to a conventional copier is a bit like comparing Concorde to a jumbo jet. As you can see, the Laser is a discreet modular system, not a gigantic console with a few bolt-on extras.

it uses the latest digital technology to fly through your copying jobs literally at the pace of a laser. The complete system which you see here can reach speeds of up to 180 copies a minute.

And since it has yet to take to the skies, this makes it the fastest copier on Earth. The Laser is also the World's first intelligent copier.

Its intelligence is based on the scanner's ability to convert an original into a digital electronic signal. This signal can then be processed, stored or trans-

mitted to the printer by cable. The printer uses a pinpoint beam of laser light to translate the signal back into a high resolution image. With its umbilical cable the scanner can sit above the printer or stand up to five metres apart.

since if one printer stops, the others aren't affected.

mated features not found on conventional copiers. It can turn white into black and black into white and

unsightly gutters and black edges. It can automatically zoom in to enlarge up to 200%

But most of the time all you need to do is position the original in the automatic feed and press the start key.

Battle for the desk-top market

Copiers CHRIS WILSON

WALL MANUFACTURE LT

WITH MORE than 150 different models of photocopiers now available to buyers, the competi**tion among suppliers is intensi**fying in a race to offer new features at the touch of a

Laser, fibre optic, digital and colour-copying technologies are transforming the once-humble copier into an information recording and distribution system, while features such as zoom enlargement and reduc-tion, double-sided copying, collating and automatic document Following its invention 30

years ago, the basic office copier seemed to be progressively over-shadowed by the computer revolution which, in turn, saw the arrival of the personal com-puter (PC). But less noticeably, a revolution in reprographics was also going on in recent years which has now brought with it its own PC—the per-

sonal copier.

Before the advent of the microcomputer, copiers could do little more than copy, i.e. produce a reproduction of the original, with varying degrees available in the way of even

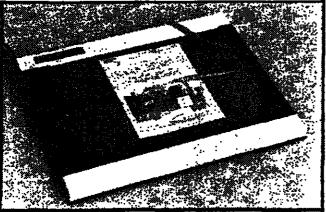
new facilities that allow the user original image before producing

that one can make to a docu-ment is the size, and a large proportion of the new coplers on the market feature change-able reproduction ratios. On the basic models there are just onc or two enlargement and/or reduction modes, while for a little more money there are now several handfuls of machines with zoom lenses which in effect provide 40 or more reproduction ratios—all on one machine tion ratios-all on one machine. At the other end of the market, there are products such as the Canon laser copier which allows the user to stretch and squeeze images via an indepen-dent control of vertical and horizontal axes. Users can also mask parts of the original, shift certain elements, reverse images black for white. An increasing number of machines will also produce copies in any colour desired : black, blue, brown, red,

green and even sepia.

The rush to incorporate such new facilities, as well as labour-saving devices such as sorters, document feeders, automatic paper selection systems and auto-duplexing (double-sided auto-duplexing (double-sided copying), has brought with it a new intensity to the market-

In its mildest form, this



A new development in the copier market: the Roneo Alcatel A new development in the copier market: the koneo Alcalei
215 copy-editing system which enables the user to delete,
move and trim copy from the original. The editor is a
portable "drawing board" on which users place the original
copy. With the aid of an electronic stylus, the operator
edits the original which can also be enlarged or reduced
with the aid of the copier, to which the editor is linked
electronically.

number of claims by the manua final print.
The most elementary change

number of claims by the manufacturers to have created a "first." Canon's laser copier, for instance, was "the first commercially available digital copier on the British market." Mita recently claimed "the first desk-top zoom copier with three paper cassettes;" Lion launched a new Toshiba machine, said to be "the world's first digital full-colour desk-top copier" and Ricoh says that its new colour Ricoh says that its new colour 5000 machine is "the world's first full-colour plain paper copier to offer reduction and

Imports

At its most intense, however, it is an international copier war with the most recent battle being the complaint by European copier manufacturers that Japanese producers are dumping their products within the

Ironically, four of the five complainants source some of their products from Japan: Rank Xerox through its Fuji-Xerox joint-venture. Oce and Develop from Mita, and Olivetti from both Konishiroku and Toshiba. (The fifth complainant, by the way, is not well known in the UK: it is a French company

called Tetras.)

This sourcing is, of course, nothing to worry about; it merely serves to highlight the fact that an estimated 85 per cent of copiers sold in Europe are of Japanese origin. Several other top copier suppliers also brand Japanese-built machines: Infotec's and Nashua's products are made by Ricoh; Kodak and

deemed, by the European Com-mission, to be taking place, the levying of import duties on Japanese copiers could have a telling effect on the sector, perhaps raising prices to the end-user by as much as 10 per cent. The outcome is unlikely to be known, however, until late next year.

Meanwhile, the market may see the results of other actions which are currently being pusued in British courts to call halt to the sharp practices of some copier dealers and one or two suppliers. Indeed, malpractice can become one of the the future, although the less-biggest problems facing the travelled British buyer may

manifests itself in the sheer unsuspecting buyer today. There have deduced plenty of details number of claims by the manuis no longer a great deal of at the recent Copiers '85 exhibidifference between many makes of machine: the difference is in the supplier.

There are several factors about which the tuser should be wary when buying a new copier. Cost-per-copy is a particularly important point: some suppliers quote incredibly low copy-costs which they later prove unable to maintain. Others are eager to maintain. Others are eager to sell obsolete equipment, even at higher prices than more modern equivalents. And the last thing that users want is to choose a dealer who is likely to go out of business at the end of the

easy to become entagled in a bad deal, it should not prove too difficult to find a good supplier with adequate back-up facilities; rest assured, there are plenty of good dealers about. Once a or good dealers about. Once a prospective buyer has found the right sunpplier, the choice of machine is then not too difficult. Remember that the best dealers are not so much high pressure salesmen as consultants: they assist users to choose the right machine, rather than merely "sell a copier."

Advances

Obviously, buyers should be careful not to be tempted by all the "bells and whistles" found on many of today's machines. Buyers should carefully define their needs before selecting a copier: do not buy a fully-featured machine and then try to find uses for its many functions. Special features are likely are made by Ricoh; Kodak and Agfa-Gevaert have recently than others. The most sopnisusigned agreement to brand Canon machines; and Mita supplies a whole host of European to find the widest appeal in creative departments, such as advertising agencies.

copier developments have come a long way, but in the next five years they will advance even faster. At one end of the scale, the market will se many of the recently developed working their way down the market to desk-top and even personal models, while at the other end of the scale we are likely to see more as yet un-thought-of developments to

tempt the buyer.
Visitors to the latest Hanover Fair will have had a better idea than most of what to expect in

tion. At this London show, Mita gave a preview of a machine offering editing functions on a grid-type keypad, while Pana-sonic showed an editing add-on

sonic snowed an eating add-on for its own copiers.

A key indicator of things to come, however, must surely be Canon's laser copier. Apart from its impressive array of editing functions, this machine is designed to interface with computer equipment. Indeed, the copier is already communicating with such systems in Japan, a facility which is likely to become available in Britain next

Without a doubt, the "intelli-



Mr G. P. Barua, director of the National Business Equip-ment Survey in the UK. He has been conducting surveys of the copier market for 14 years and predicts that sup-pliers will shortly be turning their attention to broadening

their product lines.
"Whereas American man facturers concentrated almost exclusively on the high volume end of the market, we've already seem them attacking the low volume market place,
"Now we are about to see

Japanese manufacturers going for high volume copier sales, which will bring them into more direct competition with the Americans. However, in order to succeed, Japanese suppliers will have to think hard about their distribution policies which have been heavily dealer-orientated"

Desktop Copiers

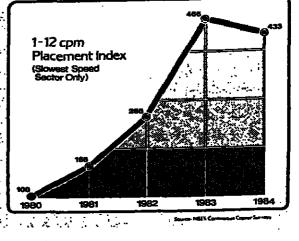
1984 Total Placements

DESITOP MARKET NON-DESKTOP MARKET

• Throughout last year, Canen, Minolta and Sharp were locked in battle for the desktop copier market, in the UK according to the latest figures from National Business Equipment Survey's "Continuous Copier Survey."

The desktop market is now the major market segment. Basically consisting of machines which operate at between 1-25 copies per minute, it accounted for a massive 85 per cent of placements made in 1984.

Figures in the fast cpm sectors have remained remarkably static between 1983 and



1984. It therefore appears that the 13-25 cpm band has increased its placement percentage at the expense of the 1-12 and 26-30 cpm bands, lopping 6 per cent off each. Thus, 1-12 cpm placements are down 6 per cent from the 1983 figure of 49 per cent to 43 per cent and 26-30 cpm placements are likewise down from 12 per cent to 5 per cent in the course of the per cent to 5 per cent in the course of the per cent to 5 per cent in the course of the per cent to 5 per cent in the course of the per cent to 5 per cent in the course of the per cent to 5 per cent in the course of the per cent to 5 per cent in the course of the per cent to 5 per cent in the cent of the per cent to 5 per cen cpm pracements are increase down from 12 per cent to 6 per cent in the course of the year.

Mr G. P. Barua, director of NBES, says,

"This is actually a very significant fall for the
26-30 cpm sector—in the space of one year it's
seen half of its market placement percentage

The personal computer phenomenon

ALTHOUGH THERE is a slow-ing-down in the personal computer market in the U.S., the total number of PCs installed in UK offices topped 250,000 last year while sales will again double this year, pushing the installed base to more than 500,000. These are some of the findings

of the latest Oasis report which suggests that "the U.S. market placauing because most of the people who can reasonably justify purchasing today's tech-nology are probably doing so. We may see the same effect here in the UK in 1986-67."

The next generation of machines will be much more powerful, and the operating system much more helpful—this will release a second wave of Other findings in the survey

show that: Personal computer sales in Britain last year exceeded 140,000 units, representing a total outlay of £600m.

Sales will again double in 1985 and push the installed base over 500,000. These are not personal

computers, however-nearly 80

per cent of the machines are that there are about seven shared. All the personal com- major vendors in each stable puters in the survey were used by executives, at least part of the time through secretarial usage.

· • Word processing is the most popular application, closely followed by spreadsheet/accounting.

 By 1990 the total annual spending on hardware and soft-ware will reach £3bn, and the total number of machines installed will be approaching 3m. These 3m systems will be

split between clerical and sec-retarial machines, similar to today's devices but at half the price, and a new breed of sophisticaed systems for executive use. This will represent an annual outlay of £2bn on hardware the charge of £2bn on hardware the charge of £2bn on hardware by the end of the decade and a total market,

therefore, of more than £3bn, Managing this growth, and providing the support and train-ing to assist the users to fulfil their needs and exploit the performance of these devices will be a major challenge to the vendors over the next 10 years. An empirical law suggests

major vendors in each stable element of the office equipment market and that each new tech-nology introduces one new nology introduces one new player: Xerox in copying; Digi-tal in mini computers; and Wang in word processing are the most obvious recent examples, says the report. It is not clear who, if anyone, will emerge from the PC environment to become one of the majors of the industry.

The other elements of the survey, which is claimed to be the most complete analysis of the PC environment in Britain, are a review of the major vendors to establish their potential for staying in this

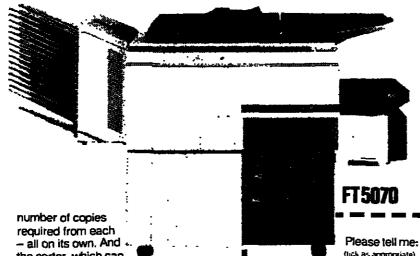
Wharton also concludes that the wired office is unlikely to be generally in place by 1990, but departmental systems. but departmental systems, either using a controller or a small network, will be wide spread.

Personal Computers in UK Offices: Wharton Information

MICHAEL WILTSHIRE

Western Europe's software and services market tops \$12bn

Software packages boom



OVER FORTY PER CENT of the copiers sold in Japan are Ricoh copiers. The reasons are entirely scrutable. They're good copiers. And they're backed by a Japan-wide network of good dealers, who give good service.

Japanese businessmen know a good deal when they see one. As the world's biggest producer of copiers, Ricoh has a lot of feedback from users. So a new copier like the Ricoh FT5070 has features that Ricoh knows people

BOTH SIDES: ZOOM SIZING

Like making a single, double-sided copy from a 2-page spread in a book or magazine, automatically. Like reducing and enlarging not just at set ratios, but at any ratio from 50% (A3 to A5 etc.) to 141% (A4 to A3 etc). Or like the optional automatic feed system that sets up originals and organises the

the sorter, which can take the chore out of making up multi-

ricoh's U.K. Commitment Ricoh's latest purpose-built copier factory is now in production at Telford,

No other Japanese copier manufacturer has shown that kind of commitment to Britain. Plus, Ricoh has an independent nationwide network of good dealers, whose quality of service was ranked No. 1 by an independent survey.

When you see a Ricoh copier, and a Ricoh copy, you'll know why there are so many Ricoh users in Japan. And why Ricoh is set to storm the UK too.

It's time you saw a Ricoh.

(lick as appropriate) more about Ricon about the Ricoh FT5070 ☐ about other Ricoh copiers

Southern Operations, Ricoh UK Limited, Craven House, 40 Uxbridge Rd. Ealing, London W5 Tel: 01-567 0115. Northern Operations, Ricoh UK Limited, Crown House, Manchester Rd., Wilmslow, Cheshire. Tel: 0625 533434.

only for companies at the hobby end of the computer Sinclair, but also for solid companies with wide spreads of activity, including GEC, Thorn-EMI, STC, Racal and Plessey in the UK, and even IBM and AT&T in the U.S. The problems were thought at first to be structural-estab-

Computer usage

THIS HAS not been a good year

for the "electricals" sector, not

lished companies showing signs of becoming moribund unless they began winding down old product lines and investing in new markets and technologies. But then, one of the software stars which were thought to be immune to prevailing market conditions, Micro Focus, also came down with a bump.

If the problems facing the industry are merely cyclical, no one could have predicted the severity of the slump. But as sure as day follows night, there will be a recovery after the

Forecast

According to a recent survey, published by market research analysts International Data Corporation (IDC), the personal computer market for businesses in Western Europe is forecast to grow fivefold by 1990 when personal systems worth more than £8bn wil be sold each year.
However, the boom is expected to be matched by a corresponding fall in the home and hobby computer market. The high street computer sector is expected to continue to be extremely competitive, even for more sophisticated products designed to appeal to the small business user. But according to another

recent survey, carried out this time by Manpower, the temporary staff company, 90 per cent of personal computer users in large companies believe they are not getting maximum benefit from

the maximum benefit from their machines.

The views of nearly 600 people, mostly in companies with more than 500 employees, were sampled in the review. Users blamed lack of adequate training and inadequate time for setting up and practising with the computer. Some complained about "non-existent training" and incomprehensive and incomprehensive

manuals.
There has been very little outward change in the fundamental design of computer products offered by the office

781-500 Computer skills es with compute 25-100 **ip to 25**

The basic Qwerty beyboard is a case in point. The Maltron keyboard's ergonomic layout is arguably superior to that of the conventional Qwerty keyboard, even if only for the fact that the Qwerty layout was "scientifically" designed to retard, rather than enhance, typing speeds on early mechspeeds on early mech-typewriters in order to avoid having their keys jam-

With the Maltron design, the main keys are organised in two "dishes" allowing the opera-tor to rest the palms of his/her hands on the keyboard housing for quick access by the most nimble fingers to the most regularly-used letters of the alphabet. The letter "E", for example, rests under one thumb while the space key rests under the other.

By contrast, the only concession the QWERTY layout has made to modern requirements has been to make the space bar wider. Yet the QWERTY key-board still rules the roost and the Maltron keyboard is still regarded with a mixture of suspicion and scepticism, The unfortunate reality of the

The unfortunate reality of the market is that ergonomically-designed equipment has to struggle against conventional equipment into which decades of investments have been poured by established manufacturers. The expense of convinctions the market that alternatives ing the market that alternatives exist can be risky.

So far, attempts to design ergonomic keyboards have merely entailed commetic changes to the existing Qwerty layout, using for example, sculptured keyswitches so that the rows of keys are shaped as a trough.

Ergonomics, previously only a pre-occupation with suppliers of office automatic equipment, is now beginning to be taken seriously by software developers

with the advent of "mouseware," the use of graphics icons—used in the place of text—and "windows."

The rate at which new sup-

pliers of microcomputer products are entering the UK mar-ket has fallen sharply, especi-ally in software, according to the National Computing Centre.

Changes

There were 1.083 software suppliers in June 1985, only 17 per cent up on the total of 925 a year ago. Some 240 suppliers came into the market in the first five months of 1984 while in the same period this year there were only 158.
At the same time, the number of failures has number of failures nas increased from 40 in 1984 to 67 this year.

The survey, which covers more than 10,000 products, packages and courses available on the UK market, shows that just under 2,800 or 27.5 per cent have been launched or cent have been launched or revised with new features in the past three months. When products withdrawn from the market are included, there had been 1,000 product changes a "The prime reason for the

high rate of change appears to be that suppliers are more concerned to improve the competitiveness of existing competitiveness of existing products by price and feature improvements, than spread their efforts over a wide range of products," comments the NCC.

An analysis of the UK's top software distributors by the consultancy Romtec supports the NCC survey, showing that three out of the top 15 distri-butors in 1984 had withdrawn from the market by May 1985. The fifth-ranked company, Tamays, was in receivership, MPI, tenth ranked, was being wound up through a petition bу

WHS Softeam, ninth ranked, withdrew from software distribution in March 1985.

The leaders, Softsel, with a

turnover of £6.7m, and First Software with £6m, were well ahead of the rest of the field.
Growth in the sector, however, seems to be around 60 per cent a year, although profitability is down. This rate of growth is expected to continue for the next year or 80 before flattening off.

Romtec adds that while

there is a need for software distributors, there is only space for a few. "There is nothing special that extra distributors can offer, but it is an attractive cottage industry because much of the business can be done by mail order. A small number of companies have sprung up, therefore, each of which exerts a small influence on margins." Romtec concentrates

studies on the micro end of the market, but if one takes a broader view, the turnover of UK computing services com-panies broke the £1bn barrier in 1984, according to the latest annual survey of the European computing services industry.

The UK computing services industry, of which the software industry is one part, began to take off in the 2 sixtles with the advent of the bureaux—organisations selling computer time to companies which care time to companies which cannot afford their own computers or cannot keep them fully utilised. Many began to offer additional services based on standard software, including payrolls and accounting, while others specialised in providing services to specific "vertical" markets and industries, such as banking, construction and in-

Dr Douglas Eyeions, director-Dr Douglas Eyerons, director-general of both the UK and the European computing services associations, noted that 1984 was an outstanding year for software products (packages) with growth rates of about 38 per cent.

The total market for software and services was \$12bn in western Europe. Turnkey systems, included for the first year in the survey, showed the most dramatic growth. Turnkey systems are complete custom-built tems are complete custom-built computer systems supplied to the customer as ready-to-run with hardware and software. The Government takes an even more optimistic views

The Government takes an even more optimistic view of the UK market Mr John Butcher. Under-Secretary for Industry, told the Commons in April that Britain's computer software industry alone is estimated to have increase its turnover from £1,750m in 1983, to £2,120m last year — more than doubte the CSA's figures. So CONTINUED ON PAGE 3



Increased power and functions have eroded the division between word processing and computer-run text processing equipment

Different systems begin to merge

Word processing KEVIN TOWNSEND

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equipment that existed until 1980 has been breaking down progressively since that date," says the report.

One area in which this is most one area in which this is most apparent is in the traditional distinction between the dedicated word processor, and the word processing software package running on a personal computer. Word processing originated from two separate sources: the dedicated machine evolved from the automatic evolved from the automatic typewriter, while the software package evolved from the text editors, devised to help com-

uter programmers.
The different derivation exbetween the two types of word

was designed for typists, and has to be easy to use. The text editor was designed for computer users, and power was the primary prerequisite. Since its earlierst days, each type of word processor has sought to emulate the better features of the other so that PC word WORD PROCESSING, according to emulate the better features of the other, so that PC word processors are becoming increasingly easy to use (for example, MacWrite and GEM-write, while dedicated systems between word processing and other types of fext processing of the processing of the processing of the processing and other types of fext processing powerful and flexible (for example, wordplex and DEC's weekly defined market of dedicated typists, while the larger market of part-time word processing users have been able to example, MacWrite and GEM-write, while dedicated systems are becoming increasingly more powerful and flexible (for have expanded their interests to include "office automation," wpss).

Well defined

The result is that it is becoming increasingly unrealistic to speak in terms of a "dedicated word processor" on the one hand, and word processing soft ware on the other hand. Never-theless, these distinctions are still made, and can be used pro-vided the terms are given their historic content. historic context.

Within these definitions, one of the best-known and strongest "movements" has been the erosion of the dedicated market by the ascendency of the PC market—so much, in fact, that for several years industry commentators have been suggesting

word processor are numbered.
The facts belie this suggestion. What has happened is that the dedicated word processor has focused in on the smaller but well-defined market of dedi-

have expanded their interests to include "office automation," rather than simply "word processing." Werdplex, almost synonymous with dedicated word processing, is a case in point. The company decided many years ago that it was only the stand-alone market that was beginning to level out, while the market for multi-word prothe market for multi-word pro-cessing within an integrated office would continue to expand.
Wordplex now has more experience than any other com-pany in the market—"We were selling and installing shared

resource systems in 1976—long before DEC, Hewlett-Packard or

anybody else thad even woken up to the potential of the office systems market," claims Mr Richard Kemp, managing direc-

point to consistent and unbroken growth despite the current depressed state of the computer market. Another traditional giant in

the dedicated WP market is Digital Equipment Company (DEC), DEC claims to be the second largest computer manuaccount targest computer manu-facturer in the world, and has a word processing system (called WPSS) that is perhaps the most frequently imitated word processor of all.

This system started life as a straightforward dedicated word processor known as the WS78. Over the years it has evolved, through the DECmates I and II into the current DECmate III word processing workstation. Although it is essentially the same software as that running on the WS78, DEC now markets the product as a workstation that should be seen as the specialist typing arm of its integrated office product called

However, ever since the arrival of WordStar, other packages have tried to be just as powerful — but as easy to use as the dedicated systems. Unfor-

tunately, in computing terms, "power" and "ease" are of the system — but to make something easy-to-use, the user is kept as far away as possible. As a result, PC word processsomething easy-to-use, the user who wanted to be able to use teigrated office product called is kept as far away as possible. The full power (in this sense, "power" means "speed") of ing suffers from a type of split the current PCs.

VPSS should be viewed as a systems that simply try to be a suitable word processor or a powerful—and are excellent at for the average corporate typered description of it as a word indeed are excentionally easy.

While these example the way in which dedicate word processors are evolving, they throw no light on the way in which PC packages are a moving. It was the U.S. company, MicroPro International, my that laid down the standard with a package called WordStar. has been so successful, an prolific, that the processor of the international provide a word processing system that is relatively power full but very easy (and enjoyoble) to use. It is the sort of word processor that is perfect the non-expert executive, for include the system itself guides the user through each function, including the complex routines.

In contrast to this we could cite the new package, produced in the UK, called LaserWorld. This has been designed to make use of the new laser printers "power" and "ease" are incompatible. To make some-thing powerful, the user is allowed to get as close as possible to the "raw machinery" called Bonnie Blue, which was of the system — but to make something easy-to-use, the user who wanted to be able to use the system of the system who wanted to be able to use the system of the system of the system.

Sales growth in Europe

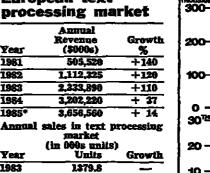
(Figures for 1984, for which the total market in these four sectors is \$4,853m)

\$939m (4% growth) Word processors \$576m (13% growth) Personal computer \$1,687m (82% growth) (dedicated to office use) \$65m (300% growth) Office automation systems

European text

+ 32

+ 22



simultaneous edits on different different "branches" are con-windows, drop in and out of the verging. The reason for this is operating system—and all with remarkable speed—then Laser-Word is an excellent example.

Source: Wherton Market Report.

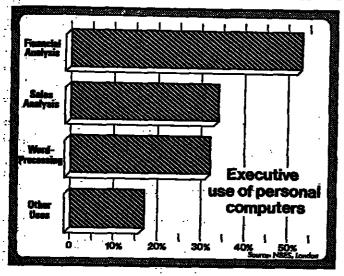
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simply that computer hardware is improving so fast that speed and simplicity will soon cease to be mutually exclusive. When this happens, word processing is impossible to say whether personality. There are a few WPSS should be viewed as a systems that simply try to be not a suitable word processor or a powerful—and are excellent at word processing software pack-word processing software pack-that. There are a few systems age — hence, perhaps, Digital's that try to be easy-to-use—and new description of it as a word indeed are exceptionally easy.

W.Germany Italy

ELECTRONIC TYPEWRITERS



A recent survey reveals that senior executives in the UK, A recent survey reveals that senior executives in the UK, with access to personal computers and terminals, are most likely to use them for financial analysis purposes. More than half the sample—53 per cent—used them in this way. Around 44 per cent of executive PC-users said they fed data into the computer; a slightly higher proportion, 49 per cent, said they also retrieved data. (The total in this NBES analysis exceeds 100 per cent, due to multiple mentions by PC-users).

Computer systems

CONTINUED FROM PAGE 2

much for statistics! But there is always a problem in putting together accurate global figures for any specific market because it always depends on what isand what is not -- included in the particular categories.

The fact that turnkey systems show more growth potential than software products indicates that customers always require some degree of software customisation for their par-ticular way of doing things, even though they may be using generic software packages such as ledgers and payrolls for their

The production of a line of code today costs about the same as it did some 25 years ago. At that time however, applications were less sophisticated and the code generated was less com-

Today, a problem requires the generation of many more lines of code because more encompassing functions and reports are required, as well as the need for integrated systems, demands for real-time information, round-the-clock operations, larger data files, remote com-munications, and data security.

Inbucon, a London-based management consultancy, found that only 171 out of about 600 companies surveyed for a special study were using software ment products called generation languages

Yet the report largely confirms the claims of 4GL suppliers that they can lead to considerable productivity gains. Increases in programmer productivity and decreases in development time of between four and 10 times are claimed, together with dramatic reductions in the work needed to maintain the software.

The first generation of computer languages was very primitive, with sets of 0s and 1s representing electronic impulses put together in simple codes, read directly by the computer.

Second generation languages substituted mnemonics for binary digits—LDA instead of 010101 for "load accumulator," for example—but it was not until high-level or third-generation languages, such as Cobol, evolved that it was possible to give commands to a computer in anything like everyday language.

But then, the computers powerful Fourth generation disu

languages were introduced as a partial answer to the problem generating increasingly sophisticated and comprehensive

The most pressing problem for data processing managers, study after study has shown is meeting project deadline and reducing the backlog of development and maintenance

A traditional solution has been to instal a package a piece of software written for a specific application but in such a form that it can be sold, unmodified, to a number of customers each of whom reaps the benefits of the economies of scale obtained.

But as Inducon points out: "Packaged application soft-ware, one solution to the problem, only covers fairly standard sets of requirements. medium or large organisations still need to undertake bespoke (or custom' software development and this has now become the target for the newer effi-ciency and productivity aids."

So 4GLs evolved as applica tion generation tools, pieces of software which made it easier for programmers to develop other programs,

Accuracy

It also makes possible "pro-totyping," creating a prototype of an application quickly and without too much concern for absolute accuracy to see whether it really is what the customer wants. Customers are notoriously bad at making clear what they really want when they specify computer systems —rewriting a system to suit takes time, money and patience. There is, however, an over-head, to be paid when using a dGL. The load on the computer inevitably increases because of all the processing power being used up making life easier for

Fourth generation languages are considered to be part of the software side of computer sys-tems. Some suppliers prefer to talk of a fourth generation "enrather than language.

The next stage will be the "fifth generation computer" where the software and hardware will be so closely coupled that the two will be indistinguishable and inseparable.

work has already begun on it, but the concepts are very futuristic and all-encompassing, so it will take a very bold per-son or organisation to son or organisation to propound the sixth generation computer By then, perhaps even the word

The Invisible Man wouldn't be seen without one.

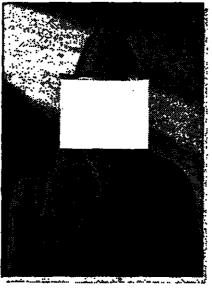


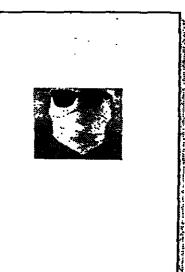
How to get ahead. Or lose one. The new U-BiX 280Z and U-BiX 181Z are as amazing as anything out of H. G. Wells.

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Confident market despite dip in demand

Electronic typwriters KATE TAPHOUSE

WAT CALEMPTONIES BY

ALTHOUGH THE demand for electronic typewriters in Britain has been accelerating at a much faster pace than any other business equipment product sector, paart from the fast-moving micro market, concludes a new survey by the National Business Equipment Survey, "summer '85 has shown a distinct falling-

This news will undoubtedly urpise and dismay many of the world's leading typewriter manufacturers. Other surveys have recently estimated that manufacturers. Other surveys either a seasonal or other tembers is something like 8m any sign that the boom is over. cert the existing producers. IBM lowed by the German companies mechanical typewriters that are appoaching the end of their for electronic typewriters from success in achieving, 50 per cent then Canon and Brother from

more advantageous when the typewriter selected can be built tino a full word processor, as and when required, simply by adding the extra functionality through modular screenfi disks, ory and so on.

It is quite likely that the current downturn in demand is either a seasonal or other tem-porary fluctuation rather than any sign that the boom is over. The unexpected dip in demand

useful life. These mechanical typewriters will undoubtedly be replaced by either fully functional word processors or electronic typewriters. And while suggests Mr Mike Brownbridge, tional word processors or elec-tronic typewriters. And while suggests Mr Mike Brownbridge, almost everybody believes that a dedicated word processor is division in the UK. Today there ultimately more efficient and flexible than a typewriter, never-theless the price differential is theless the price differential is five years ago there were only likely to mitigate towards the two brands and four models on typewriter for the smaller the market.

It is certainly true that some of the world's leading manu-facturers are still very confident —a confidence that will have been strengthened by the double-edged sword of IBM.

IBM, noted for an almost legendary marketing ability, has recently launched three new electronic temperature.

electronic typewriters.

This move, on the one hand

in the U.S., by Rank Xerox.
Both companies, incidentally,
have used the European giant,
Triumph Adler (which claims
to make one in six of the
world's electronic typewriters) produce some of their

Mr Peter Oddy, product development manager at Hermes Precisa, believes that "the battle for electronic typewriter sales is between the Japanese and Europeans—with the Americans nowhere in sight."

Competition

He cites a recent report that

Hermes Precisa, incidentally, feels that the growing threat is from Japan rather than the rest of Europe or the U.S. In-deed, be finds that neither IBM nor Xerox provide any chal-lenge to Hermes Precisa outside

of central London, and suspects that the former's current type-writer sales "ride on the back of its computer installations." Th threat from Canon, in par-ticular, is well perceived. Mr Eddie Scougail of Ericsson Information Systems pointed out that "Canon is said to have taken more than 11 per cent of the UK market between 1982 and 1984"—which had "been achieved by pricing policies rather than innovative techno-

a similar conclusion by impos-ing duties of up to 33 per cent technology-based products, but if it detects a word that it does

(Brothers Industries' recently-opened assembly plant in Wales that will allow it to avoid these

There is, of course, a strong likelihood that the prices of the Japanese computers will rise in relation to their competitors. Since there is very little "type-Since there is very little "type-writer demand in Japan Itself (other than the highly special-ised and very different Japanese language typewriters), the Japanese manufacturers are producing solely for the western market. It would be consistent market. It would be consistent with known strategies for these "pricing policies" to be used solely to gain entry into the market before the prices are allowed to float upwards to a more realistic level.

"They are using price," says Mr Scougall, bluntly, "to gain For "pricing policies" in this a foothold."
instruct some read "dumping"
—and, indeed, the EEC came to is a well-known producer of

certain Japanese makes. In the computers industries' recentlyened assembly plant in Wales at will allow it to avoid these titles.)

There is, of course, a strong sellhood that the prices of the panese computers will rise in lation to their competitors, not there is very little "typeiter" demand in Japan liself.

However, with computers be However, with computers becoming cheaper, and electronic typewriters becoming more powerful, there is an increasingly blurred distinction between the two. Facit's top-end machine has 40 Kbytes of text storage capacity, and can store up to 52 stranded phrases and formatting routines.

Most of today's systems have communications facilities, and many can be used as telex and/ or teletex terminals. The new IBM range has an optional 50,000-word spelling dictionary that checks each word as it is

formatting routines.

European electronic

typewriter market Olivetti Olympis 15% Triumph Adier 10% Brother 7 % Facit 23% Others Source: Wharton estimates

not recognise.

And while word processors are ideal for producing large numbers of repetitive standard letters, many companies still need to produce one-off individualised leters, memos and so on—for which an electronic typewriter is often faster and easier. But the two technologies easier. But the two technologies are not mutually exclusive, for many electronic typewriters are also used as printers for the output from word processing

" I see the two techniques as co-existent," agreed Mr Scou-gall, "each with its own role to play, rather than as competi-

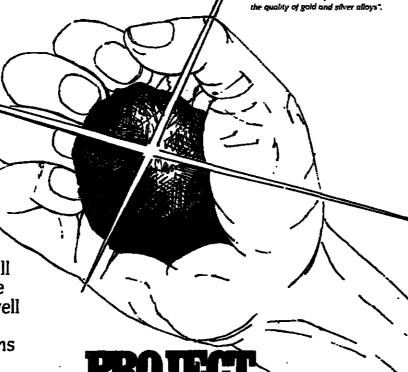
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New generation telephones KEYIN TOWNSEND BRITAIN'S offices, according to

some overseas observers are more American than European seen than in contemporary tele-communications. While the mainland European govern-ments show little enthusiasm for de-regulating their national telephone authorities, the UK has followed the American lead and first liberalised and then privatised British Telecom.

In the U.S. it was the massive Bell company that needed to be controlled: in the UK it was the state-instigated monopoly of a nationalised industry. The parallels, however, are so strong that much was learned from the U.S. experience.

Freed from the need to pur-chase from Bell, the U.S. mar-ket received a sudden and enor-mous demand for cheap and innovative telephone hands and needless to say, the demand was filled by cheap imports from the Far East.

Bell itself could not decide whether it wished to become involved in the frenzied tele-phone retail industry. It watched, put its toe in the water, drew back and watched again. The problem was that the public wanted the quality to which it was accustomed at the price of the new imports— and the two were incompatible.

Timely

The UK, fortunately, seems haps it is an inherent European reserve that holds us back; nevertheless, the BABT approvals system has applied a sufficient brake to prevent the wee The result, however, is claimed by many to be too extreme: that BT actually uses the approval system to maintain (or at least cling on to) the vestiges of its old monopoly.

Be that as it may, British Telecom's monopoly on the "primary instrument" ended in January 1985, and according



Linking up with computers

• BRITISH MONOMARKS has launched a service which enables users of both micro and telex to communicate. The service, called Monodata, is a simple and economical electronic mail service ideally suited to the small busine man. Monedata provides a desk-top telex service without the heavy costs of specialised telex equipment, says Mr Stanley Solomons (above), joint managing director.

Dialatron, has created a market worth £130m for simple tele-phones this year alone. This market comprises over 30m handsets attached to 15m residential and 5m business lines.

Dialatron is one of the com-panies that has accepted the challenge of liberalisation. It manufactures, for example, the Rumour 10 handset that now outsells BT's own Slimtel system. Another company challenging BT's erstwhile markets is Vanderhof PLC—manufacas the STAT 10. It is this area of telephone equipment that is showing the most dynamic development; but driven as much by new technology as by liberalisation.

BT never considered that its monopoly extended to the large PABX systems; and, indeed, it is the computer revolution that is revolutionising the new private exchanges. The biggest single trend in all computer equipment is away from the mechanical and analogue towards the electronic and

electronic typewriter-users. All that is required is a com-munications facility, usually readily available for this equipment, plus a modern or acoustic coupler. Using existing telephone lines, micros can communicate directly with the computers at the group's London message

Indeed, so strong is this movement that it is becoming increasingly difficult to choose between local area computer networks (LANS) and tradi-tional in-house telephone or PABX networks.

One excellent example is Plessey's IDS, which is primarily a PABX that can carry data as happily as voice, and can accept computer terminals as easily as telephone handsets. Since every existing company automatically has an internal telephone network, many of the new LANs are specifically designed to operate over the existing telephone lines.

phone equipment. Known as "call-loggers," such systems such systems are designed to monitor the use and expense of all the individual lines and extensions in a given telephone system—and, of course, with increasing tele-

nowhere better seen than in the OPD from ICL. Known as the Tonto, when purchased from British Telecom, this machine is a remarkable testament to British ingenuity and coperation. The basic design and computer architecture, together with the archive storage and the BASIC programming language, come from gramming language, come from Sir Clive's Sinclair Research. The application software (Xchange) was developed by

Psion.

The telephone system was produced by British Telecom.

And the whole system was instigated and put together by ICL itself. The result is a desktop system that is both a highly computerised telephone, and/or a very powerful desk-

top computer.
Each OPD has two telephone lines so that one can be used for speaking, while the other can be simultaneously engaged in a data dialogue with a mainframe computer.

The computer side of the system can even be used to make automatic telephone connections with any of hundreds of telephone numbers stored in its user's private directory— without the user needing to lift the handset

Perhaps the biggest competitor for the OPD in the UK is the well-established and muchpraised Executel.

But it may not be too much of a problem, since the Execute! is manufactured by STC—which of course now owns ICL. There are some critics of the OPD that claim that it does nothing that Executed cannot do more cheaply; and it is certainly true that Executel development con-tinues, with new versions due imminently.

In the meantime, it is becomby the vast numbers of new equipment spurred by the twin drives of digital technology and But computers are also being BT liberalisation: new handsets, used to monitor other tele-autodiallers, modems, PABXs. key systems, facsimile machines, telex, teltex, cellular radio, call loggers, videotex, electronic mail and so on. Needless to say, where there is a market, so there is an exhibition-"What Telephone & phone use and increasing tele Communications Show" at the phone costs, it is a booming in Novotel London, in November. dustry.

Details of other specialist
The amalgamation of tele-exhibitions are listed on the last

New printing age dawns

Computer printers KATE TAPHOUSE

THERE are essentially only two types of computer printer: fully formed character printers; and dot matrix printers. But within these two categories there are dozens of different technologies. The fully formed character market is now dominated by the daisywheel printer, although much faster "line" printers are still used at large computer installations. Dot matrix printers range from the traditional inexpensive impact dot matrix to the new high-tech-nology laser, ink-jet and thernology laser, ink-jet and thermal transfer printers.
Today, the typical microcomputer installation is typified by a daisywheel printer for letter quality correspondence printing, and an impact dotmatrix for draft and graphics printing. However, both the daisywheel and the impact dotmatrix printers are under threat

matrix printers are under threat from newer ink-jet, and, more particularly, laser printers. Understanding the characteristics of the different types of printer can explain what is happening. A fully-formed character printer works by pressing an image against an ink-laden ribon and onto the

This method has three primary properties: the variety
of different images is limited to

zontally across the paper, different combinations of these different combinations of these pins are fired against the ribbon. The method of transferring the image on to the paper is similar to the daisywheel printer (that is, by "impact"); but the energy required to fire individual pins is much less, and the resulting noise level is much lower.

The mechanical element is

the variety of images possible within the pin matrix of the variety of images possible within the pin matrix of the printer concerned. Since the patterns are usually controlled to software desemble to restrate desemble to the software desemble. by software, dot-matrix printers can, theoretically, produce a wide range of different type-styles—even within a single document.

It takes little imagination to of different images is limited to the number that can be physically transported by the printer's printing medium; the quality of a daisywheel—and, indeed, it is the attempt to find this good; and there is inevitably a bigh degree of noise associated with the impact necessary to

gory will have a vertical row of, say, nine wires or pins in its print-head.

As the head travels horizontally across the paper, different combinations of these pins are fired against the ribbon. The method of traps. transfers to paper for the finished product. The laser itself provides the

quality of the image being able to pack up to 30,000 dots in a to pack up to 30,000 dots in a single square inch. The photocopying element of the technology provides the speed (currently between 8 and 12 pages per minute for a typical desktop laser printer); and the whole process is inherently quiet.

But there are two major problems with the current But there are two major problems with the current range of laser printers. Regardless of the name on the cover, the majority are Japanese in origin—and, like most Japanese products, they are sold in the UK via distributors and dealers. However, the technology is so new that not all dealers can be expected to fully understand the intricacles of the new systems. For the time being laser printers are best purchased from specialist printer suppliers such as Zygai Dynamics.

Star system will be available for around £10,000. If and when this happens, it could revolutionise the high street fast-printing industry.

In the meantime, the impact dot market for some years to come. Indeed, one U.S. survey (International Data Corp.) predicts that the U.S. market will increase from specialist printer suppliers such as Zygai Dynamics.

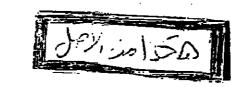
The second problem is that there are, as yet, very few software packages able to make use of the potential provided by laser printers. Many of these printers can, for example, store the software necessary to print up to a dozen different type-faces—but the majority of word processors were designed for fight!

transfer the ink to the paper.

It is also, of course, an essentially mechanical method in an electronic age.

The impact dot-matrix printer works in a similar fashion, but builds individual character images from a pattern of dots. The typical printer in this category will have a vertical row of, Say, nine wires or pins in

research and development, is Rank Xerox. Xerox made enormous profits in the early days of photo-copying—and ploughed vast sums back into research and development. It was, for example, Xerox research (the Star project) that pioneered the visual-interface Mac and GEM software now revitalising the microcomputer market. Star applies this visual interface to a laser printing output, but until now it has been too expen-sive for anything other than major companies. Rumours from the U.S. January 1986 a fully functional Star system will be available for around £10,000. If and when this happens, it could revolutional the high street for



A revolution in the mailroom

Mailing systems

JON MOGGRIDGE

in electronic ter market

The increase in the cost of postage—hardly a month seems to go by without the Post Office putting forward one reason or another why there should be an increase — and the many different postal rates and services, have made accuracy in postage calculation more vital than ever. The latest electronic scales have taken the guesswork out of deciding the correct postal rate to send a letter or parcel, and they display accurately the weight and rates for all the Post Office's services on an LED (light-emitting display) an LED (light-emitting diode)

display.

These machines have elimi-

borderline decision where the user can either play safe and frank at the higher rates, possibly wasting money, or opt for the lower rate, risking a hold-up in the mail if he makes a wrong estimate.

Sophisticated in their operations, yet simple to use, these scales usually require a single

been the domain of the office junior and consequently it is often the last operation to feel the impact of electronics and the microprocessor.

But times are changing. Today's new mailing equipment offers far more efficiency and tighter cost-control than its mechanical predecessors.

The increase in the compostage—hardly.

Electronics have also transformed the franking machine market. The old-type fiddly mechanical dials and levers have, in most cases, been replaced by push-button keypads and LED displays show the postal amounts selected.

Streamlining the mailing Streamlining the mailing process further, electronic scales may be interfaced with electronic franking machines.
Such systems automatically
select the correct postal rate
on the franking machine via the scales. They are a boon to the high-volume users whose mail often varies in weight and requires many of the different postal services available.

Pitney Bowes and Hasler offer this facility in the UK. nated the problem experienced offer this facility in the UK with mechanical scales of a Furthermore, Envopak intends

to launch a German machine, thet Francotyp 3000 (which has similar capabilities) at the International Business Show at Birmingham's National Exhibition Centre in October.

For companies with high-volume computer-generated output, such as hank statements.

put, such as bank statements, invoices, letters and so on, it is now possible to interface a folder/inserter machine with the electronic franking machine enabling stationery to be folded, inserted, franked and sealed in

New model

Hasler will demonstrate its latest model in this field, the KMS, for the first time in Britain at IBS. More than £2m has been invested in its development and it boasts some inter-esting features. These include a double/misfeed detector with utlarsound sensing which checks that the envelope's confeets that the envelopes con-tents are correct; and a new folding cartridge which allows almost any type of document to be processed—for example, thick documents, such as credit cards, and forms which are wider than the envelope.

The demand for departmental accounting has also spawned electronic franking machines which offer daily print-outs of departmental totals. So far, Hasler is the only company to offer a machine with a built-in printer. Other manufacturers, such as Pitney Bowes, offer this function but require another unit to be interfaced with their franking machine.

A recent innovation in the A recent innovation in the crediting of franking machines is a remote meter resetting service (RMRS) which enables the cultumer to telephone Pitney Bowes' central computer; this then issues a coded number. The user keys this number into the machine thus meaning the machine the meaning the mean the machine thus recrediting it to the value of the cheque sent to Pitney Bowes. That is a great improvement on the old system which entails lugging a weighty meter to the Post Office for recrediting.

Another method of recreditfrom the Post Office for a certain value and simply slotted into the meter. This method has only a small share of the market and users may encounter problems with it since some Post Office staff are not yet familiar with the system.

"The Post Office for a certain use by, say, an estate agent faced with the problem of matching applicants' requirement with suitable properties available, and involving details such as price, type of property, number of bedrooms, garden and so on.

With the rapid spread of the

onto the envelope by direct impression printers.

For more sophisticated data management there are special-ised micro-based addressing systems such as ASI's Sprinter data retrieval and printing system which is no bigger than the average typewriter. It comprises a typewriter keyboard, a fast printer, two-line display and 31 inch disc drives and built-in software.

Capacity

The Sprinter stores up to 1,024 entries per disc which can be manipulated for sorting, coding, editing and so on. Selective printing is also available. Encoded information on file can be selected by using six " and " and six " or " criteria-a cap-Another method of recrediting is the Value Card bought from the Post Office for a certain value and simply slotted into the meter. This method has only a small share of the market and users may encounter problems with it since some Post Office staff are not much of the matching applicants' requirement with suitable properties available, and involving details such as price, type of property, number of bedrooms. Farden

Security is often a problem personal computer, more com- when producing and distributpanies are producing address ing computer-produced con-labels on office computer-printers. These addresses can be printed on salf-sale-

Each copy is an original and therefore difficult to alter.

By designing a two-part ver sion of the form, the problem of heat seal adhesive being in-compatible with heat fusion inimpact printers overcome.

Finally, the all-important, allembracing question of the post-code. In the UK plenty is being done by way of publicity to encourage businesses to use the postcode, and it certainly makes sense. Under "The Postcode Project," the Post Office offers advice and, in certain cases, a financial contribution that may even extend to the full cost of postcoding a company's com-puter address list,

In addition, companies may be able to take advantage of printers. These addresses can a new system from Moore significant reductions in postal be printed on self-adhesive Paragon, is claimed to be the charges by using the postcode labels, listing paper or straight answer. In a single operation in their customers' addresses.

the system produces a complete, self-contained original printout in a rapid continuous operation. Using their existing computer

equipment, the operator can print variable data on each Speediseal form before passing it through the equipment which folds, trims and detaches the form then heat seals it creating a self-contained envelope ready for posting.

THE UK microfilm market increased last year to more than £114m, compared to £97m the year before, according to Bell & Howell.

Computers have led managers to expect faster access to information and this in turn has made them more dissatisfied with conventional paper filing systems,

Rapid retrieval means rapid decision—one reason why computer assisted retrieval (CAR) systems are one of the fastest growing sectors in the microfilm market. Bell & Howell's sales of CAR systems

take them to 18 per cent of their systems sales.

Pictured above is the Bell & Howell DataSearch CAR system, recently installed at Lucas Service, the car electrical component company, enables staff to retrieve in excess of 300 documents a day. The system was chosen for its simplicity of operation and

speed of access.

A variety of accounts correspondence is filmed inhouse at random and the descriptions for each document are entered at the same time as the image is captured. time as the image is captured. allowing Lucas to create an index simultaneously.

No easy solutions

Electronic filing

KEVIN TOWNSEND

THE PROBLEMS of filing are well known. Any single docu-ment can be filed under any one of dozens of different references and is likely to be filed under the wrong one. A mis-filed document is virtually the same as a

lost document. For many years researchers ment or documents are held is have dreamed of a solution from not the same as retrieving those new technology. The computer's documents. And this has led ability to search enormous quanto the concept of computer-tities of data quickly and efficialided retrieval of microfilm. ently would seem to be an The theory is simple: docu-obvious answer. But experience ments are microfilmed and has shown that this is not the stored, and a cross-referencing simple solution. The problem is index is entered into a com-that the computer's traditional puter. This basic concept has strength is in searching fixed been elaborated by specialist

It is easy to get a relatively an integrated system that can small computer to store and not only locate and retrieve filing cabinet, but it is still vir-tually impossible to get the computer to store and the whole of the search cabinet's contents.

primary There are two Firstly, and despite the falling costs and increasing capacity of computer hardware, it is still impractical to think in terms of storing the entire documentary data—for even a small company—on a computer.

The second problem is that the effort taken to enter all of this data into the computer would be prohibitive. Paradoxically, a small company could not afford a large enough computer: while a large company would have too much data to make the

effort worth while. In some respects, these prob-lems are likely to be only temprorary, and current research suggests that they will be solved within a few years. Text input, for example, could be achieved automatically by optical character readers (OCRs).

At the moment, OCRs are in-capable of accurately reading the smudged, dirty and damaged documents that might con-tain several different typefaces. However, as the hardware improves and becomes aided by the new software-based interpretation aids such as South-data's Typereader, this may cease to be a problem.

Laser disks

Furthermore, the physical problems of storing the vast amounts of data required of such filing systems may soon be solved by the arrival of the new

laser disks due to start appearin; within the next few months.
"Users would be silly to invest in systems to automate
existing storage and retrieval
yeters, when laser disks that existing storage and reuseval systems, when laser disks that will store large volumes of data, after all in the age of tele-coms wizardry, and there are and many other good possibili-ties, are just around the corner," ties, are just around the corner." numerous specialist on-line data-comments Southdata's managing base companies that will go to

years before it becomes the "practically possible." And, even then, the cost may be prohibitive for all but the largest companies. It follows, then, that any company with an existing filing problem should seek a solution from existing possibili-

ties.
Depending on the resources
available, these tend to fall into
one of two broad categories. A
computer can either be used to computer can either be used to their headlines, and their length store abstracts of the document together with an indexing system to allow users to locate in mumber of relevant articles, their headlines, and their length —and the user can then read, ignore or print for later study, as much as he needs.

their required abstracts; or it can simply store a more soohis-ticated indexing system that will cross-reference to the physical position of the documents con-

This last solution is probably the best current solution for the small company, for almost any microcomputer with almost any microcomputer database system could be used.

However, it is no solution for the large company that may have millions of documents in store, Knowing where a docu-

formals—like an index—rather manufacturers, such as market than the text itself.

leaders Bell and Howell, with but can also produce hard paper copies in about ten seconds.

Stage further

One such installation is at Lucas Service UK, where the concept has been taken one stage further. Many of Lucas' documents are actually pro-duced by their own computer. Using computer-output-to-micro-film (COM) techniques, the microfilm and the computer index are produced automatic-

Many companies, however, prefer the "abstract" approach. This involves entering an abstract from the document in to a computer, and preparing a sophisticated indexing system. This is particularly useful for scientific and research com-panies. LERS is a Paris-based pharmaceutical company with a need to maintain and retrieve information on a wide range of products—each of which could have up to 25 different names LERS chose a product called BASIC from the Battelle Insti-tute, itself a scientific research

establishment. The next stage was to collect and record abstracts of all the material published around the

world on their products.

There are of course, other such bibliographic databases on the market. STATUS, part of ICL's Networked Office concept. is one example originally de-veloped by scientists at Harwell. And NicroCairs from RTZ Com-puter Services is one of the few systems available on microcomputers. Whatever system is chosen, however, there remains the problem of entering the abstract and index into the system—and for many companies this effort will not be justified by the ensuing results.

But all is not lost. We are, after all in the age of tele-Whatever system is

director, Mr Peter Laurie,

This is not a view shared by entering and maintaining not everyone. The "technologically possible" tends to take many years "before it becomes the hours of publication the article hours of publication the article. you are now reading will be stored on Datasolve's new 200m wt 1 World Reporter database. User/readers will be able to type, at a terminal any word or phrase of current interest—and the system will search out or phrase of current interest-and the system will search out every article on the FT database containing these words. It will display, within seconds, the number of relevant articles,

ewriters eauceo

uncing a small addition to the range of IBM electronic typewriters: The IBM Actionwriter. It has most of the features of its larger siblings but weighs in at only 24lbs. So now you can have a heavyweight typewriter without the heavy weight. Available from your IBM Authorised Dealer. For a free information pack, telephone Linkline 0800 444 III or write to Roger Kojecky, IBM United Kingdom Limited, PO Box 7, FREEPOST, Greenford, Middx UB6 0DW.

Systems market breaks new records

Office furniture MICHAEL WILTSHIRE

WHILE THE \$6.5bn a year U.S ture market, including wood office furniture industry con- and metal furniture, will grow tinues to soar to record levels, the European market shows a new level of buoyancy after several difficult years

In the UK, the market is now worth around £300m of which the fastest-growing sector is for computer-related systems furniture worth around £90m a year and increasing by as much as 20 per cent annually, similar to the percentage growth rate in the U.S.

There are at least 50 serious contenders in the UK systems market where the impetus by the spread of new technology. word processing systems and personal computers.

Britain's overall office furnibetween 12 and 15 per cent this year, according to Project Office Furniture, the UK's leading producer of wooden desks, Project itself is on target for a £30m turnover (£24.6m in 1984) which will be 20 per cent up on last year. The companies sale of Matrix panel-based systems furniture is up by nearly 50 per cent. Chair sales are up by 18

The company now claims 28.6 per cent of the UK's wooden office furniture sector and 15.8 per cent of the overall market, assuming a market growth of 15 per cent. Project's research programme was increased by 50 word processing systems and personal computers.

The UK systems market is "very buoyant and far ahead of Europe in general" comments Mr Mike Brewster, sales director of Westinghouse Furniture programme was increased by 50 per cent in the past two years, with £3m being spent on new manufacturing plant. Its products are licensed or sold in 12 countries—and it estimates that more than 1m people in the UK alone now work at a Project

tander of the second second of the second of the second of the second second second of the second second second The second of the second second of the second secon

tor for Arenson Internationalone of the UK's leading furniture suppliers—sees a distinct trend towards more "simple and flexible" systems furniture that can be easily understood by user-companies, but combining all the required facilities of cable management to cope with new technology.

of the group, reports a furniture sales increase of 20 per cent and predicts further growth in both traditional and simplified systems furniture. He reckons that the company's President range has captured 20 per cent of the UK desking market. While recognising that there

lessing of "run of the mill furni-ture" at 'dump' prices from Eastern Europe."

is plenty of fierce competition between importers and UK sup-

pliers, he is relieved to see a

largest office furniture group in compatible with the well-estable world. Its turnover in lished System E free-standing Europe is around £200m, although the UK figure is only Lucas Furniture Systems fore-

Mr Jack Spalding, managing director of Steelcase in the UK, is seconded from the U.S. company. He has turned the UK operation from a direct sales force approach to distribution through a national dealership network which should be complete by the end of this year. Steelcase in Europe spent £3m in research in 1984 and now offers an extensive computer-ised design service from its European base in Strasbourg.

Among the larger of Steelcase' recent installations in the City of London are the extensive offices of Spicer and Pegler at Friary Court where 450 people have been equipped with workstations.

Among top-of-the-range U.S.designed systems, Herman
Miller remains the clear leader
in the UK, although other

Vickers Furniture, the largest
UK producer of steel office furniture, this year launched its
System E-80, following £250,000

winning Programme 2 range and plans to announce further developments to the range which it predicts will have "a major effect on our presence in the systems market."

Lucas Interiors, an associate company, has developed with ICL what it describes as "a revolutionary type of conference room—to be used as a management and reviewing facility in a compact anyingment." The a compact environment." The system, known as The Pod, will be marketed jointly by both companies with an eye on large companies in UK and Europe,

Local office equipment dealers are winning a far larger slice of the systems business, according to Mr Brian Matthews, chief executive of Capian office furni-ture, part of the Pentos group. "More companies are looking

Systems, which is extending its range from the more familiar computer-related systems to specialised, non - traditional schemes for finance houses and banks.

desk, made within the past ten mined efforts to catch up. The U.S./French company, Steelcase mined efforts to catch up. The U.S./French company, Steelcase Strafor, although a relative new system aims to combine the best of American and European save Mathews. "Increasingly, they banks to for Arenson International—

The turbonean in the more familiar mined efforts to catch up. The U.S./French company, Steelcase strafor, although a relative new system aims to combine the best of American and European save of American and European strain to them, a major physical overbear to the UK market, is the best of American and European strain to them, a major physical overbear to the UK market, is the strafor, although a relative new system aims to combine the best of American and European strain to them, a major physical overbear to the UK market, is the largest office furniture group in the past ten mined efforts to catch up. The U.S./French company, Steelcase strafor, although a relative new system aims to combine the best of American and European strain to them, a major physical overbear to the UK market, is the strafor. The understand the past ten mined efforts to catch up. The understand the past ten mined efforts to catch up. The understand the past ten mined efforts to catch up. The understand the past ten mined efforts to catch up. The understand the past ten mined efforts to catch up. The understand the past ten mined efforts to catch up. The understand the past ten making determined to equipment or computer dealer to supply this."

Pentos reports a 100 per cent casts a sales turnover of £12m increase turnover for Caplan to in the UK by 1987: the company reports good sales for its awardnumber two in the wooden office furniture market in the UK. A large part of this growth is accredited to the Novus sys-tems range sold through a dealer network.

Meanwhile, manufacturers large and small are rushing to introduce new systems into an already crowded market playe.

Recent launches include Project's new-look Prisma range while Arenson, producers of the Genesis range under the Presi-dent banner, is introducing its Paris 800 system in the midprice range.

The Office Kit consortium in the UK, led by Michael Carson, has also achieved "considerable success" with its all-British system. Office Kit recently completed contracts for the Guinness group, the British Shoe Corporation and Tiphook. The

Group I is the slowest and

still available on the market. sages.
Group II can transmit the image The

automatic " Group II machines are in the region of £1,200-£2,300. Automatic Group II attractive to the state of the state

there are few if any of these

of an A4 sheet of paper in around three minutes. Group

III transmits in one minute or

Prices for manual or "semi-

machines are priced between

£1,300-£3,000 and Group III machines are available from

Viewdata provides a method of transmitting limited size text

messages. The advantage of Viewdata is its simplicity. With the attachment of a small adaptor virtually any TV set

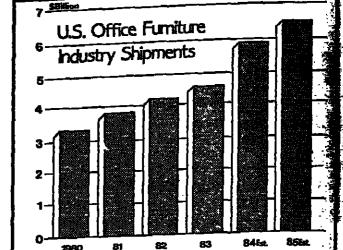
can act as a viewdata terminal.

Britain was the first country to develop a practical publicity-available viewdata system—
Prestel. It has never fulfilled its early promise although it is used

in some businesses for provid-ing low cost access to large amounts of stored information

to users at different locations.

The main problem of viewdata, according to the guide, is
that it is designed to distribute



company's easy-to-assemble designer-style system in fresh colours has a strong appeal to image-making clients in the advertising, media and design fields.

Innovations at the International Business Show next month will include the launch of Martela's " Seven-day Office " project which aims to deliver and instal a fully-operational office within seven days of receiving an order.

they are best done in codes which represent different mes-

The last method identified by

Buckley's Guide for trans-mitting text is microcomputers.

range of functions in the office
—and acting like a telex termi-

attractive to the smaller com-

pany that needs only occasiona

access to the telex network. A number of companies supply

software packages and telex line interfaces which allow most well-known brands of micro-

computers to link into the telex

Although Telecom Gold, British Telecom's electronic mail service based on the inter-

national ITT Dialcom service,

was initially designed for users with basic terminals to access

the service, it also allows micro

users with the necessary soft-

ware to prepare and store long

Electronic mail

network like this."

"That can be particularly



ding

THE E

Move

Messing

the smaller, but lively European markets, particularly the UK, where these computedrelated products now account for some 30 per cent of total office furniture sales—"and the proportion is set to double over the next couple of years,"
predicts Mr Jack Spalding,
managing director of Steelcase Strafor (UK), part of the

Westinghouse

WESTINGHOUSE Furniture Systems are undertaking a: major refurbishment promajor refurbishment pro-gramme for Manpower, the fast-growing offices services organisation which has a network of more than 100 branches in townand city centres throughout the

text messages "off-line" before that it is designed to distribute to cut down on telephone bills information from a central and avoid tying up valuable source to a large number of locations—and not the other way around if messages are to be the most important future The Westinghouse screen-

Instant Office a quick delivery programme

Modulo 3 - an established office system with an impressive UK truck record is available in an Instant Office Programme, Within a matter of days you can furnish your office with easily assembled and flexible work stations. Choose from a practical selection of free standing desks, extensions, pedestals and storage cabinets, which are part of the comprehensive Modulo 3 Range. A choice of 5 finishes, white and grey laminate, natural and black oak and rosewood, ensures that the furniture will blend with any office interior. The Instant Office is today's efficient, good looking and

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369 Euston Poad London NWI 3AR Telephone 387 8001 Telex 25750

A member of the Hille Ergonom Group

Wider role ahead for the micro

In cases where text communi-

cations alone are insufficient, facsimile—or "fax "—is a means

of sending complete images of

documents over ordinary public

The responsibility for fax communications standards rests

with the Consultative Committee for International Tele-phony and Telegraphy (CCITT)

telephone lines.

machine groups.

Sending text BORIS SEDACCA

IT IS inconceivable for any business to survive today with-out voice communications in the form of the telephone. Yet by far the greater majority of text communications still takes place by post in the form of handwritten, typed or printed words on paper or "bankruptcy." The use of telex has been

limited mainly to large and medium sized companies, but over the last few years, a num-ber of new text and message communication services have been coming onto the market which will be affordable by smaller business, too,

"Telex is the best-established international network for the transmission of urgent mes-sages," says a forthcoming issue of Buckley's Guide to Office Automation about to be pub-lished in October. "In the UK there are in the region of 120,000 users and worldwide the figure is reputed to be around 1.5m."

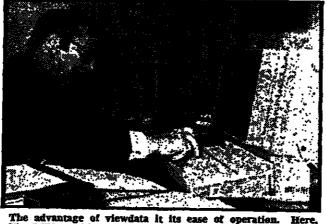
different countries, the network is effectively interlinked. The effect of technology has been limited, although Telex operators can now set up

of each message — duration, box" that goes with the system charge rate, destination, for is priced upwards of £2,000.

example — and produce weekly "More and more businesses or monthly reports so that management can keep the use (expensive) telex lines to economic optimum," adds

the guide.

The limitations of the telex network have been obvious for years. The speed of transmission is slow, designed to be fast enough to keep up with the fastest typist but nothing like as fast as (the speed at which) computers can send text between each other. Further-



Mr Wilfred Martens, the Belgian Prime Minister, taps into an Intersys-Bistel viewdata terminal linked to an

more, telex's range of characters is limited to upper-case only and doesn't include useful characters like "£" signs and

"To put this right the public telecommunication agencies of Europe joined forces to develop som."

a new super-fast telex system with a full range of characters called Teletex. The system is electronic rather than electrical, and so allows text to be transmitted between 20 and 30 times faster than telex," the guide adds.

messages on a screen before sending them—a facility called "store and forward" previously provided by paper tape feed mechanisms on older machines.

"In large companies with heavy telex workloads a message which would discourage any but switch system can be helpful. They can also record the details of each message — duration,

"More and more businesses are using electronic mail services as a low-cost substitute for telex. For some messages, especially lengthy ones transmitted over long distances, electronic mail works out to as little as a third of the cost of telex," says the guide.

Electronic mail services con-sist of large central computers accessed by ordinary telephone lines with data storage divided

be sent back to a central point factor in text communications.

The cost of sending a letter

Comparisons in the UK for an average 150-word letter, assuming executive costs are between

Writing out longhand Executive writing time— 15 minutes	Shorthand dictation Executive dictation	Stationery
Total £10.77p		Total £5.80

Typing from longhand or from shorthand notes is taken at 10 words per minute on average and from audio dictation at 20 words per minute. Dictation to a shorthand typist assumes an overall shorthand rate of 25 words per minute. This includes dictation at the typist's speed, pauses by the author for thought or to look up a reference and so on.

The figure also includes a small increment for the typist's time in going to the executive's office or deak. Typewriter and dictation equipment costs assume that the hardware is in reasonably constant use throughout all working days.

With shorthand typing, of course, the typewriter necessarily stands idle while shorthand notes being taken, hence the higher figure in this column. Office overheads are calculated using estimates but the proportions between the three columns reflect the different levels of staff

Source: Dictaphone Company

office furniture from abbess See the new Linear Executive System range Stand No 138 International Business Show NEC Birmingham 21-25 October ABbott Bros (Southall) Ltd

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Abbess

Always specify the best

Valuable aid to productivity

Dictation equipment

KAY FLETCHER

DESPITE all the advances in office automation, it is estimated that up to 60 per cent of business communications in Europe are still made in writing. A large proportion of executives have yet to discover the advantages of using dictation equip-ment with all its advantages in productivity and cost-saving.

The average 150-word business letter can be dictated in around 2½ minutes, 17 per cent of the time it would take to write it. Some leading manu-facturers of dictation systems have estimated that with standard forms of shorthand and transcribing, each letter des-patched from the office costs at least £8 and could be a lot higher (see table).

A significant part of this cost is taken up by the actual pro-cess of dictation—interruptions such as phone calls, unexpected visitors and the inconvenience of having to read back short-hand to refresh the dictator's memory—all factors that waste time. In a head-to-head contest over productivity and costsaving machine dictation is the

clear winner. But it cannot be ignored that

machines installed are not pro-perly used. Most managers would still rather use more familiar methods, especially as dictation equipment does require certain skills—authors must be able to organise their than others. Reactive dictation —a response to a letter or completing the items of a form-is easier to learn than creative

Improvements

Despite this apparent unwillingness by many managers to adopt dictation machines as part of their daily routine, equipment has improved dramatically in recent years. The magnetic tape cassette which is available in different sizes and formats has become the pre-dominant recording medium and has led to an increase in-sound quality. Cassettes with electronic position marking are now commonplace and the incorporation of a microprocessor has improved ease of use and can provide valuable dictation man-

agement information. Three types of equipment are

even though working with dicta-tion machines is faster and more or pocket machines; desk-top efficient, two-thirds of the machines and central recording machines installed are not pro-systems. The most notable change in pocket machines is the continuing reduction in size and a more streamlined design for greater ease of operation. Features such as an indexing capability and indicators for thoughts and present them in a letter ending were usually sacrimanner that will translate well into the written word. Also many organisations strive for total conversion to dictation systems and do not recognise that different kinds of work are more easily adapted to dictation than others. Rescrive dictation than others. For managers who prefer to

do most of their dictating in the office and who dictate at least three pages a day, a desk-top machine probably offers the best solution. Most models now in-clude such facilities as voice operation of tape movement and automatic cut-out after 2 few seconds' silence, as well as backspacing after each stop so that the author or transcriber does not lose the train of thought if a recording is interrupted,

Centralised dictation systems are a modern development from the traditional typing pool. For large offices, with numerous role to monitor the progress of authors, centralised systems are a pool. an economical alternative to using separate desk-top units for each manager.

o de la persona de la completa de la proposición de la proposición de la persona de la completa de la completa Completa de la completa del completa de la completa del completa de la completa del completa del completa de la completa de la completa de la completa del completa del completa de la completa del completa de la completa del com

This is also a useful method

typing pool via the normal tele-phone network — a principle which has changed little from tems. But higher quality reproduction can now be expected from most new models and dic-tation can be made from any-where in the world by phone-just as if it were a dictation

Users also have the choice of auto-change tape cassette recorders or endless loop recorders. The latter are often more economical and efficient than cassettes, although once a recording is made it cannot be removed from the machine and filed. It is also often difficult to identify and locate highpriority dictation among all the other documents on a loop.

Convenience

In addition to providing authors with the convenience of being able to record from their desks when the necessity arises, centralised systems have taken on an increasing supervisory

Systems can now calculate how much work is waiting to be typed; how long the first item in the queue has been waiting; of input to combined typing and word processing operations.

Authors are connected to the cription stations and department

information available through these systems is often claimed to be far better and more comprehensive than that provided by text-editing systems,

Voice-store and forward is fairly recent technology which may soon become an alternative to traditional dictation systems. This can streamline the distribution of short inter-office communications to a large number of recipients by eliminating transcription of the dictated message typing, proof-reading copying and physical distribu-

Instead, the author records : message once and this is stored on computer media for later access by as many recipients as are designated. Equipment in to the waiting message, which they listen to by phone.

Mr Jack Spalding of Steelcase Strafor: "in the seven years we have been in the UK marnet our share has risen from nothing to 7 per cent today-and is rising at over 50 per cent a year. THE RAPID growth of the systems furniture market in the U.S. is also reflected in

world's largest office manufac-turing group.

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scheduled for refitting to reflect a newly-developed corporate

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An example of the Office Kit's furniture system installed for the Guinness group. Office Kit has completed installations worth more than £500,000 for clients in the UK in the last

PROFILE: RAILEX

r 30 1953

Optimism in filing sector

THE INFLUX of paper records as a result of computer print-outs and the increasing use of office copiers is good news for filing cabinet makers who pro-vide new ways to store it all. With more than 70 suppliers

in the UK market alone, the mood in the filing industry is one of cautious optimism, says Mr Bryan Wilson, chairman of Raflex Filing Systems, whose clients include ICI, Unilever, British Aerospace, the clearing banks, the Ministry of Defence and most of Britain's local authorities.

rdetel,

ar cent of the

Jack Spilling hi parde

genotics

authorities.
Despite predictions several years ago that the anticipated "paperless office" would decimate the filing industry, the opposite has happened, says Mr Wilson, as the Increasing use of computers has led to a rising demand for specialised filing systems.

with its three factories (two in Southport, Lancashire, and one in Manningtree, Essex) all working at full capacity.

The North country family basiness was begun in Rochdale in 1998 by Frank Wilson and is run today by six of his

Railex purchased the Elite steel filing cabinet company in Essex in 1979. It continues to produce the successful brand of Elite drawing office equipment as well as manufacturing the Railex steel cabinets which hold the familiar Railex hook-on



Mr Bryan Wilson of Railex: busier than ever

lateral filing system which was developed in the 1950s but is still widely used today. More recent Railex develop-ments include the Rotascan range of filing carousels and circular storage systems, plus equipment for floppy disk, fiche files and security storage.

An important market for Railex is the printing industry with the provision of customised

with the provision of customised filing systems for artwork, film and printing plates. The company, which formerly traded under its original name of Frank Wilson Filing, is today committed by articles of association to remain a private company. It has recently set up a new London sales centre and is winning increasing exopri winning increasing export orders from Europe and the Middle East. Meanwhile, sub-stantial investments in plant. and machinery have been made at the Manningtree factory in

the past year.
Mr Bryan Wilson, who served two terms as president of the British Equipment Trade Asso-clation, affirms: "There's plenty of business available to UK
manufacturers in our industry
for those who are prepared to
put in the effort to go after it.

PROFILE: GRUNDIG



err Guenter Schroeder (left) and Mr Bob Adams of Grundig

New moves in word processing market

MORE THAN 80 per cent of the world dictation equipment market is concentrated in only three areas — North America (50 per cent); and Britain and West Germany, which together have close to 30 per cent, with Germany being the slightly larger market of the two, according to Grundig.

With 30 years' experience in the market, Grundig commands around 50 per cent of West Germany's desk-top and portable dictation machine sector. It is now making a determined bid to increase its share of the UK market, where Philips Business Systems dominates the desk-top

In Germany, Philips, together with a consortium of banks, took over the majority of

frok over the majority of Grundig shares in April, 1984. Then, Mr Hermanus Koning of Philips became the new Grundig spresident with two major tasks in restructuring Grundig. First, by cutting costs and streamlining production and, second, by diversifying the product range to include more professional electronics (video and testing equipment, for example), plus more office technology products and a strengthening of the home electronics section.

Mr Guenter Schroeder, who is responsible for the office machine division, is optimistic about Grundig's new move towards word processing using easy-to-operate "intelligent typewriters, linked with Grundig's Steno Cassette 30 system, the world's first minindexed cassette system of which more than 1.5m machines have been sold. Grundigs an electronic malbox, allowing managers, for example, to dictate reports by phone after normal working hours.

Thicker tape

Grundig's Steno Cassette 30 system uses tape that is a third thicker than other cassette tapes, giving unique toughness and longer life, as well as allowing desk-top machines to be rewound 30 times as fast as normal play-back speed.

Mr Adams is optimistic about Grundig's versatile new 2080 mocket-size recorder which allows users to move away from the desk, but keep all the technical refinements of a professional dictating machine.

Most of Grundig's equipment in Britain is sold through a network of 190 dealers, with the exception of machines supplied to Government departments. Grundig will shortly be introducing the Teleboy 3003 telephone answering device into the UK market—this equipment can as an electronic malibox, allowing managers, for example, to dictate reports by phone after normal working hours.

Following intensive research into word processing input and output systems, Grundig is aim-ing for a package that is "as easy to operate as a mechanical or electric typewriter, but which has all the intelligence of a very sophisticated word pro-cessing system." says Mr Schroeder. The typewriter price will be very competitive—some-what lower than the cost of a standard office electric machine. Mr Bob Adams, Grundig's marketing manager in Britain, estimates that one-in-three desktop machines in the UK is a Grundig. The company, which has new headquarters at Rugby, reports an increased market share in the UK in the past four

Thicker tape

Demand grows for better workplaces

this trend. One is the emer-gence of facilities management as a discipline in its own right. The other is the changing face of many office interiors and ceived as recently as the 1960s

Acoustics, lighting and venti-lation are just three of the elements increasingly occupying the minds of facilities managers. In open plan offices, in particular, the location of computer equipment such as printers and the choice of insulation are critical to the control of noise.

A new report to be published soon by the National Business Equipment Survey, examining the views of senior and middle management, secretaries and clerical workers in the UK, shows that nearly one-in-three have registered company com-plaints about their office en-

OFFICE WORKERS are now perature of white collar workers demanding a greatly improved is office interior design. Many environment. There are at are far from happy with the least two pieces of evidence of way their offices are laid out." Those who work in the more traditional cellular style of office, one with four walls and a door and sharing with only a small number of people, tend to be the most enthusiastic about their working conditions. Around 48 per cent were "very satisfied" with the look of their offices and 54 per cent with the

way they functioned. Open-plan and screened offices are not so popular, with lack of privacy as the major grievance. Nearly 40 per cent complained about lack of privacy. privacy,

According to the UK consultants, Space Planning Services; "Open plan offices seem inevitably to suffer some acoustic problems, though these can be minimised if the design is carefully thought out and imple-

"With 30 per cent voicing complaints, the British can scarcely be labelled a nation that does not care about the way its offices work and look," says Jean Davis, industry analyst with NBES.

"Above all else "house the mented.

Furniture properly deployed will break up the paths of sound and absorb its energy. Dividing screens contribute to this to some extent, though with diffraction, much sound energy its offices work and look," To be most effective.

To be most effective.

way its omces work and look,"
says Jean Davis, industry
analyst with NBES.

"Above all else, they want
furniture that is physically
comfortable. This is far more
important to them than having
an office that simply looks good.
But what really raises the tem-

The office environment AUSTAIR GUILD

However, there can also be a considerable descrepancy between the claimed performance of partitions and actual performance. "Results achieveable in a laboratory may simply be im-practicable on site." says Mr Charles of Bickerdike Allen

Ventilation systems are now being cited as an important source of many of the problems encountered with indoor air quality. According to Ms Jennifer O'Neil of Building Use Studies, writing in this month's issue of Facilities: "There is growing concern about the rose growing concern about the pos-sible relationship between the environment created in energy efficient, high tech, air conditioned buildings and the health problems of occupants."

The other main culprit is the growing number of pollutants found in modern offices such as carbon monoxide, micro organisms spread by air conditioning systems and con-taminants from the people them-

Office equipment, particularly photocopiers, is a possible contributor to indoor air pollution.

"Manufacturers monitor their liness can be triggered by small products to ensure emissions are within prescribed exposure limits. In the main, the principal emission from copiers seems to be ozone. This rapidly decays to oxygen and the amount of gas generated and rate of decay are quite accurately predicted by manufacturers of the equipment.

"The area of difficulty may are consistent as precialists such as consistent as precialists.

"The area of difficulty may be the evaluation of 'acceptable exposure limits,' particularly if, as seems likely, symptoms of acceptable trial organisations and the trade unions.



Jean Davis, industry analyst with NBES: new report re-veals extent of office design

New desk range for dealer rooms

ONE of the difficult decisions UNE of the dinctif decisions facing office planners for the financial sector is the choice of desking systems best-suited to carry the advanced communications equipment. Until now, most dealer rooms have been equipped with expensive, purpose-built desk systems,

Intercraft have just introduced a new, flexible concept as an alternative: a standard range of multi-module dealer desks, with interchangeable components, adapted from the company's Transform II system furniture.



Through "C&C," our unique blend of computer and communications technologies, NEC has emerged a world leader not only in communications but also in other technologyintensive areas that impact and enrich our way of life.

Name the telecommunications medium, for instance, and we'll name the NEC equipment and systems to make your connection smoother and faster along the way.

For their part, NEC computers and office automation systems—large and small—serve you in countless

applications, upgrading the quality of data and speeding

Semiconductors, too, are an intricate part of the company's wide-ranging operations. You'll find them in NEC products as complex as the international telecommunications system or as basic as the latest home appliance.

All told there are 15,000 different NEC products that serve people in over 140 countries. Computers, communications systems, semiconductors, and myriad combinations thereof.

NEC

Key sources of information

national shows scheduled within the next 12 months for the office equipment industry—plus hundreds of smaller, regional exhibitions—manufacturers and suppliers are often at a loss as to where best to feature their

products, faced with the difficult decision as to which shows will best suit his requirements. But high on the list of important international exhibitions is the Hanover Fair which this year attracted a record-breaking 850,000 visitors from 120 coun-

More than 7,000 companies were featured at the eight-day event which is regarded as the major European exhibition for information technology. Not surprisingly it is also the launching point into Europe for many new office automation products from the U.S. and

The fastest-growing section of this "fair of fairs" is the special division, CeBIT, designated to office automation.

Rapid growth

Among this year's 1,300 exhibitors there were a host of manufacturers flaunching new copiers and computers—and such is the demand for exhibition space that next year's CeBIT will become a show of its own (March 12-19), four weeks before the rest of the

New fleures National Business Equipment Survey in the UK suggest that exhibitions remain an important source of information used by 22 per cent of buyers of business equipment for large companies, although an even wider source of information used by buyers is through dealer demonstrations (28 per cent), visits by representatives of manufacturers (28 per cent) and the office equipment press (42 per cent).

The next major exhibition in the UK for the industry is the International Business Show. JBS, at the National Exhibition Centre, near Birmingham (see panel on this page). Other events featuring office equipment supplies and ser-

vices include the following:

01-837 3699). International Exhbn. of Technology, Equipment and Services in Banking. Insurance and Finance. Barbican Centre (details from ITF

on 021-705 6707). Cleaning and Maintenance Exhibition, Europa-Clean, Barbican Centre, Oct 29-31. 1985 (details on 0923 777000).

What Telephone and Communications Show, Novotel, Nov. 17-19, 1985 (details from Martin Ashenden, 01-262 3382). Computers in the City Exhibi-tion, Barbican Centre, Nov. 18-22, 1985 (details Online, 01-

Stationery Industry Exhibition, Olympia, January 18-22, 1986 (details, Philbeach Events, 01-

Videotex User Show, Barbican Centre, January 29-31, 1986 (EMAP, 01-837 3699). DEC and DEC Compatible Exhi-

DEC and DEC Compatible Exhibition, DEXPO Europe, Olympia, March 4-6, 1986 (Expoconsul, 01-582 9256).
PC Trade Show, Barbican Centre, March 5-7, 1986, (details, EMAP, 01-837 3699).
Electronic Pre-Press '56 (electronic page make-up, text-handling and digital-imaging technology, Olympia, March 24-27, (details on 01-773 0350).
Informational Technology and Office Automation Show (Info Office Automation Show (Info '86), Olympia, March 25-27 (B.E.D. Exhibitions, 01-647

Consumer Electronics Show (CES), Earls Court. April 20-23, 1986 (Andry Montogomery, 01-486 1951).
Int. Cleaning and Maintenance

Trade Fair, Olympia, April 20-May 1, 1986 (details: RAI Gebouw BV, 01-437 3175). Int'l Contract Furnishing and Interior Design Exhibition, Olympia, May 11-15, 1986 (de-tails, Westbourne, 01-868 4499). Services to Commerce and Industry Int'l. Exhibition, Ken-centre, Glasgow, November sington Centre, June 17-19, 18-22 1985 (details on 031 225 1986 (details. Network Events, 5486). 0280 815226). Bus

London Business Equipment Show, Earls Court, October 21-24, 1986 (B.E.D./BETA Exhibitions, 01-405 6223).

Birmingham, 1985-86 International Business Show, National Exhibition Centre, Oct. 21-25, 1986 (see panel, more details on 01-405 6283). CADCAM International Show, April 8-10, 1986, National Exhibition Centre (details, EMAP,

SEMINARS FOR EXECUTIVES

BUSINESS executives at 15 locations throughout Britain are being invited to a series of briefings on the theme of office automation. The cam-paign, entitled "Britain has it: successful office automation," are being jointly run by the Department of Trade and Industry and PA Management Consultants.

The briefings run for two

days in each location. The first session, to decision-makers, "has been carefully planned to ensure top execu-tives gain maximum benefit from the investment of their time," says Mr Colin Leeson, campaign chairman and head of PA's office automation division. "The briefing will provide guidance on how to maximise the business opportunities offered by office auto-mation."

(Hevac). National Exhibition Centre, May 11-15, 1986 (ITF, 021-705 6707). nunications Equipment and Systems Exhibition and Confer-

ence, May 13 16, 1986, National Exhibition Centre (ITF, 021-705 6707). Other forthcoming exhibi-tions in the UK (outside of London and Birmingham)

Business Performance and Telecommunications Exhibition, Met. Exhibition Hall, Brighton, October 20-23 1985 (dealls on

Computer Equipment Exhibition, Met. Exhibition Hall, Brighton, May 13-15 1986 (details on 0428 724660). Communications in Business Exhibition, Scottish Exhibition Centre, Glasgow, November

Business to Business Exhibition, Belle Vue, Manchester, November 10-13 1985 (details on 01-729 0677).

West Germany Systems '85, Munich (Com-ter and Communications puter and Communications International Trade Fair, with 1,000 exhibitors from countries), October 28-November 1 1985 (details in UK from Overseas Trade Show Agencies,

01-486 1951). Hanover Fair, CeBIT, World London, 1985-86 01-837 3699).

DEC User Show, Barbican, Oct.

Int'l. Heating, Ventilat15-17, 1985 (details from EMAP, ing and Air Conditioning Show Techology, March 12-19 1986 15-22, 1985.

The second briefing "will

help those attending achieve the objective of successful office automation," says Mr manager. "The key challenge now facing" manager. The key chancenge now facing companies is to close the implementation gap. This gap is between the potential of today's technology and the ability of an organisation to use it."

Locations for the briefings to the briefings include: Southampton, Ma chester, Edinburgh a chester, Edinburgh and Aberdeen (all arranged for this month); Lelcester, Leeds,

this month); Lelcester, Leeds, Newcastle, and Cambridge (during November); Gatwick, Surrey (December); London and Bristol (January 1986); Birmingham, Glasgow, Shef-field, and a return visit to London (all in February 1986). For more details, telephone 01-235 9088. (deaths in UK from Deutsche Messe-und Austellungs, 01-651 2191).
Office Equipment Exhibition, Buro '86, Munich, May 13-15, 1986 (details in UK on 01-486

Computer Equipment Exhibition, Wiesbaden, September 23-25 (details in UK on 0428

France This year's SICOB (nternational Office Equipment Show) in Paris has just ended, but details of the next SICOB event are available in the UK on 01-439 3964). Other forthcoming events in France in UK on 01-486 1951).

Data Processing Office Equipment and Automation Show, Bordeaux, October 8-10, 1985. Netherlands Computer Exhibition, Comdex, Amsterdam, October 15-17, 1985.

Information Technology and Business Communications Exhibition, Infocoms, Amsterdam, November 26-29, 1985. Italy Office Furniture Exhibition, Torino Officio, Turin, May 28-

June 1, 1986. Ireland

Business Equipment Show, Dublin, October 15-18, 1985. Spain exhibit SIMO, General Office Equip 6233).

Data-Office Infoprint, Stock-Data-Omce Intoprint, Stock-holm, now on until October 2. Computer Application Pro-grammes Exhibition, Stock-holm, November 12-14, 1985.

Switzerland Office Equipment and Data Processing Exhibition, BUFA Basle, October 1-5, 1985. International Ergonomics Exhibition, Ergodesign, Montreaux, October 21-23, 1985.

NOPA, Business Equipment Show, Chicago, October 2-6. 1985.

INFO. Information Manage ment Exhibition, New York, October 14-17, 1985, details in UK on 01-891 5051. Info-Southwest (Computers Communications and Business Equipment Exhibition), Dallas, January 7-9, 1986. National Stationery Show New York, May 18-21, 1986

(details from George Little Management Inc., New York). BRITEC, British Information Technology Exhibition, Wake-field, U.S., July 14-16, 1986 (details in UK on 042129 3223).

Australia Computer and Office Automation Convention and Exhibition,
Adelaide, October 15-17, 1985.
NOPEX, National Office Products Exhibition, Sydney, March

Israfurniture (furniture for home and office), Tel Aviv Israel, October 28-November 4

Office Electronic Communica-tions Show/Computer Show, both in Riyadh, Saudi Arabia, March 9-18, 1986. (Details in UK

Far East
Computer Communications
Exhibition, Singapore, December 3-5, 1985, details in UK on 01-868 4466). S.E. Asia Business Show (Infotechasia), Singapore, April 9-12, 1986 (details in UK on

01-486 1951).

The Business Equipment Association in the UK has arranged joint venture terms with certain major overses. exhibitions (details on 01-405

MICHAEL WILTSHIRE

NEW LOOK AT IBS

THIS YEAR'S International Business Show — the UK's fifth blennial showcase for a £5.5bu a year business equip ment industry — will be a shorter event than in previous years and aimed at a more senior management audience.

senior management audience.
The five-day show at the
National Exhibition Centre,
near Birmingham, will take
place from October 21-25.
This year's event is jointly
organised by BETA Exhibitions, the exhibition company
of the British Equipment of the British Equipment Trade Association and B.E.D. Exhibtions. Both companies also collaborated to present last year's London Business Equipment Show at Earl's

Mr Alan Gash, managing director of B.E.D., says that research at two recent major business equipment shows re-veals that the top three areas of interest to visitors are: 1, computers; 2, word processors; 3, systems furniture.

Viewpoints

"I am not aware of a specialist computer show that encourages displays of furniture and yet it is evident that ture and yet it is evident that senior business managers know that the success or failure of a new computer sys-tem will depend upon accept-ance by the staff who will have to use it, and that their views might be influenced by the improved working con-ditions brought about by the installation of new systems furniture at the same time," he says.
"Taking this principle to its

natural conclusion, the inte-gration of technologies and the inter-dependence of a wide rangeof products and services means that only a multi-product, general business equip-ment exhibition like IBS (which incidentally, had a larger area occupied by computer companies than many specialist computer shows), can provide a buyer with a complete overview of all the for "the complete office of the

IBS this year, he says, will feature more than 35 product groups. Today's advanced technology office equipment demands an increasingly higher calibre of sales teams, thus a five-day show, rather than nine days, as in previous years, makes the event even more cost-effective for exhibitors, says Mr Gash.

MICHAEL WILTSHIRE

European market forecasts (Figures in \$m) 610 Word processors 725 1,058 Electronic typewriters 2,655 1,981 Personal computers 1.330 991 Software/servers 1,064 930 Maintenance 6,384

Market prospects

Source: Wharton Report.

Total

CONTINUED FROM PAGE ONE

ffice automation environment. The major influences upon buying policies, according to Wharton's analysis, are:
Compatability with existing equipment 63 per cent Reliability 52 per cent Expandability ... 46 per cent

Ease of use/ training 40 per cent Cost factor 40 per cent Developments which are likely to occur in the short-term in

Europe will include:

• An increase in networking —and if anything is going to cause technical problems in the headlong rush to automate offices, it is this area. The organisational aspects of

office automation must begin to receive greater attention. For example, electronic mail, elec-tronic filing, electronic calendars and so on, all require a discipline from users that typically does not exist, par-

Mr Keith Wharton, managing director of Wharton Infor mation Systems: predicting an annual outlay of 53bn on PC systems in the UK by the end of the decade



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Mr Richard Palmer, directive general of the British general of the Brit Equipment Trade Association encouraged by bigger order

ticularly from a level of managers who are used to "doing their own thing" as far as personal organisation is con-

The number of unbappy users will increase. Wharfor identifies them as those who

identifies them as those who failed to analyse their requirements, site their objectives and plan their implementation — plus those who neglect training.

The decreasing costs of camputer power and the increasing costs of people tempt managements of people tempt management. ment to buy more and more technology. But, as the Wharean report warns, the major costthe organisational cost-is often ignored with the result that in office automation projects, " ha good get better and bad get

clude the expense of installing and training, but less obvious elements are the cost of linking personal work stations to each other and to central resources. For most users the least obvious cost of all is the need to make sure a good organisation and good practices are in place before automation is even contemplated.

*Wharton Market Reports, 12 Eton Street, Richmond of Thomes, Surrey, TW9 1EE.

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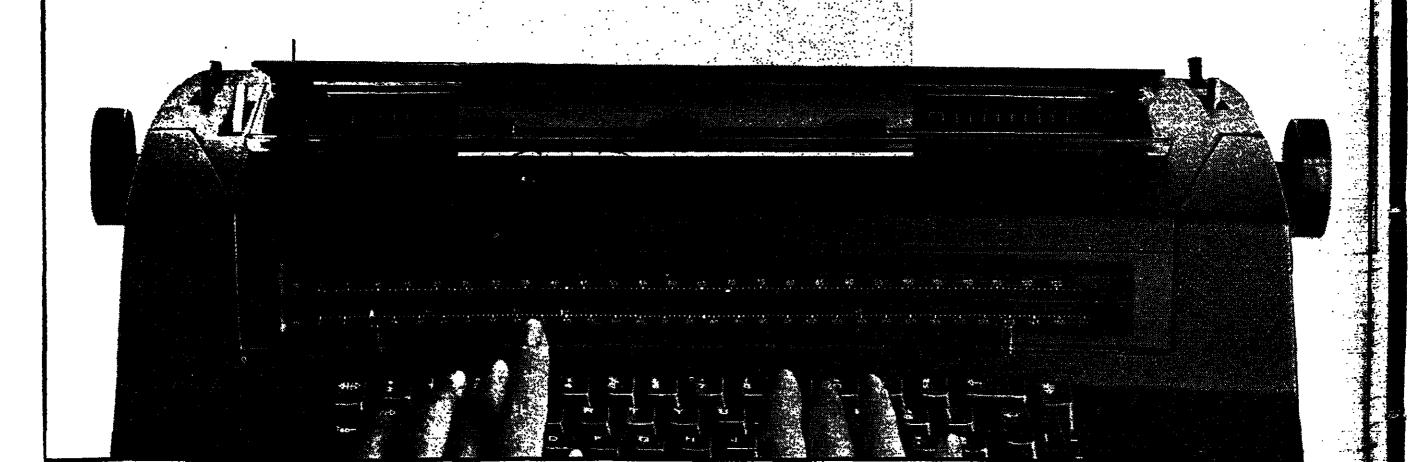
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SECTION II - COMPANIES AND MARKETS FINANCIALTIMES

Monday September 30 1985



EURONOTES AND CREDITS

Breakthrough for Hungary in Eastern **European borrowing**

HUNGARY is to become the first has previously received and some country in Eastern Europe to organise a new-style note issuance facility in the Euromarkets, writes Peter point element in the deal's pricing.

The facility forms part of a such fine terms because it wants to \$400m, seven-year loan package an narrow the disparity between itself nounced at the weekend by Bank and other Comecon borrowers such ers Trust, First Chicago and Dai-as Czachoslovakia and Bulgaria, Ichi Kangyo Bank. as Czachoslovakia and Bulgaria, whose latest credit bore a margin of Ichi Kangyo Bank.

in East European borrowing be prepay about \$300m in other debt cause previously Comecon borrow so that the new deal will add only ers have steadfastly resisted Euronote facilities. They are worried Despite its fine terms, the deal that such deals might leave them has only been launched after care market dried up, as it did for many lead-management group is expect-countries after the Polish debt cried to be assembled with relative

regard its new facility as an insur-ance against just such an eventuali-ty. It was nearly forced to re-ties to refinance next year and is hedule its debts in 1982 after a therefore expected to continue to be sudden withdrawal of short-term a regular borrower. deposits in its National Bank by a More details of another East Eu-Soviet Union.

Bankers say the note issuance facility, which amounts to \$150m, could protect Hungary against similar events in the future because it is rare option for lenders to put up backed up by standby bank credit. funds at a margin over U.S. prime The terms on the deal are umusual-rate of % point for the first two ly generous for the Euronote mar-ket, with a high facility fee of 17%. There will also be a fixed-rate opbasis points and a maximum yield tion in Swiss francs and D-Marks. on the Euronotes of 32% basis

ceptance facility with a commission of % per cent. It is a three-year facility but its maturity can be extended and banks that leave it will be growing sector of the market and it asked to make up the difference by will allow the borrower to issue pa-

um-term loan carrying a margin of cial paper programmes in the % point for the first three years, rising to % point thereafter. Those are ly agreed backstop in the form of a much finer terms than Hungary

Enthusiasm wanes for UK floaters

centre stage in the Eurodollar bond market last week when two straight bonds repackaging chunks of the loater were launched, writes

Maggie Urry in London. But after an initial burst of enthusiasm the two deals - called BECS and MECS - were bid outside their 1% per cent iees by Friday, not helped by a market suffering from

The idea looked fine. What could be nicer then UK-backed paper pay-ing a yield around 40 basis points more than U.S. Treasury securities? It soon became apparent to investors, however, that the credit is not the UK but the arrangers of the swap from floating to fixed - Bar-clays Bank and Prodential Global Funding, with a Cayman Islands company thrown in as well.

Further, the issues, at \$100m each, are unlikely to prove liquid in-struments. And what happens when the bonds mature after three years? That date had to be set because the UK can call the floater after three years. But it may not. Investors are guaranteed a rede tion at par by banks in the deal. The floater would have to be sold to pay the bond holders.

cerned by the lack of gross-up pro-visions in the event of the imposi-

THE UK floater once again took a tax is highly unlikely, investors centre stage in the Eurodollar bond such as the Swiss are keen to see provision made for the full payment

of interest just in case.

The effect on the floater has been to put it out of the realms of a normal FRN. The price rose to 99.95 by the weekend. Apart from the two Secondary Harket
U.S.S 12,900.4 1,970.1 12,852.8 1,953.3
Prov 14,883.3 2,953.5 13,256.1 1,966.4
Other 3,568.5 48.9 32.1 1,653.9
Prov 3,003.6 55.6 598.2 1,724.6 public issues, many banks had been performing the same exercise pri-vately while others had bought more of the floater, hoping to bring further repackagings. The amount of the floater left to trade actively has shrunk substantially from the original \$2.5bn size.

The price might fall back again if some of those banks gave up attempts to do more repackagings -only then would it become attractive to do it again. But for the UK's generosity in giving three years' call protection, instead of the one year commonly granted, this would not have happen

Other Eurodollar deals fared little better last week. The fall in the dollar after the Group of Five meeting the previous weekend left investors reluctant to buy dollar bonds. While the New York market had a reasonable week, the Euro-dollar market slipped, worsening the yield relationship between the

anteed by Toyota in Japan, but was given an AAA rating by Standard & Poors. It is Toyota's first Eurobond That did not seem to deter a number of syndicate managers from the fees. bidding, sometimes aggressively, China has made its first dollar

market, so avoiding any difficulties over previous dollar issues now in default. 2,118,3 238,0 23,8 1,116,7 1,414,4 2,258,8 2,373,2 168,8 900,8 0,0 0,0 142,2 843,4 0,0 1,8 41,5

Crédit Commercial de France's wisdom in bringing a floater issue with warrants to buy an Ecu bond two weeks ago was revealed when rants shot up to around double their led by CCF but for Union Bank of Norway, launched on Friday, may not prove itself so rapidly.
Investors looking for diversifica-

tion away from the dollar are spoiled for choice. The D-Mark market is offering a record DM 5.21bn the old capital markets subcommittee should be brought back.

The calendar could be absorbed satisfactorily if the right names ers said last Friday.

bond issue since the 1949 revolu- and Unilever. The International Fytion. But the \$150m issue is in the nance Corporation, part of the "chnorm" market not the Eurobond World Bank, and the EIB are also rumoured, as are some Austrian and Australian names, Finland and

Bankers were intrigued by the news that a Eurodollar issue with warrants to buy D-Mark bonds is due. Perhaps CCF's Ecu idea is

spreading.
The Australian Eurobond sector \$36 issue price. Another such deal duly reopened, after a two-week rest, and promptly overdid the new issues again. BMW's deal, coming first, was able to accelerate away from the lights. The others were trailing behind with some stalled on the starting line.

Soon investors will have another in new issues in October. The currency to diversity into - the lira. amount stunned traders initially. The Italian Treasury gave its bless-while some bankers muttered that ing to the market last week and a deal should be coming soon. Coupons roughly around the 14 per cent level might be available.

The Swiss franc foreign bond came at the right prices, if the dol-lar kept falling and persuading in-vestors to buy D-Marks, and if in-ing its own anyway. After the R. J. terest rates continued to fall, deal- Reynolds issue opened at its 99% issue price, and then rose to 99%, the Only one of the deals is a floater - 10-year deal for Portugal paying a 6 DM 500m worth with Renfe, the per cent coupon traded at 99% com-Spanish railway company, the ru- pared with its 100% issue price. Coumoured borrower. Among corporate pons are being pushed lower with borrowers expected are Emhart, 5% per cent set for Pacific Gas and Dow Chemical, McDonald's, Nes'le indicated for Japan Highway.

Eurolira market set to start up

By Alan Friedman in Milas

THE ITALIAN Government has authorised the opening of a Eurolira bond market, paving the way for the issue of lira-denominated foreign bonds.

The first borrower will be the today is expected to launch a L100bn (\$54.6m) five-year fixedinterest bond carrying a 13.5 per cent coupon.
Istituto San Paolo di Torino is to

ead-manage the issue, which might be followed by other Eurolira bonds for Ericsson, Ford Europe, and Beecham of the UK.

The Bank of Italy is expected to allow one new issue a month, which suggests a possible total of between \$500m and \$600m of issues in the

first year of operation. Dr Gianni Zandano, chairman of San Paolo, described the decision to start a Eurolira market as "a very important" step which will open the way to the internationalisation of

the lira." The authorisation of a Eurolira bond market follows pressure by a number of foreign companies operating in Italy that want to obtain medium-term fixed-rate money at less than domestic lira rates. The domestic Italian corporate bond market is small and offers a negligible secondary market.

Foreign investors have been flooding into Italian equities in the past year, with U.S. and British investment on the Milan bourse now thought to total at least \$1.5bn. The Eurolira bond market will offer another lira investment instrument.

The opening of a Eurolira bond market is seen by top Italian monetary authorities as providing fur-ther evidence of the stability of the Italian economy.

The Eurolira market will be open initially only to non-resident investors. The bonds will be in bearer form, and minimum maturity will be five years.

INTERNATIONAL BONDS

It is regarded as a breakthrough just % point. It is also planning to \$100m to its total borrowing. Despite its fine terms, the deal

tance to the introduction of a %-

Hungary is said to have sought

vulnerable if the short-term loan ful sounding in the market and a ease. However, general syndication Paradoxically, Hungary seems to will be more of a test of the market.

nber of lenders, including the ropean deal are meanwhile emerg-det Union. ing. Romania's \$150m credit, for which Barclays will be the agent, should be ready for general syndication soon. Terms are to include a The week's other main news was

a \$800m "global" commercial paper Also included in the package are programme for Svenska Handels-a \$150m U.S. domestic bankers ac-banken for which Merrill Lynch and Shearson Lehman will be dealers. That is one of the largest proincreasing their commitment to an-other portion of the package. per in both the U.S. domestic mar-ket as well as overseas. It is part of The final portion is a \$100m media growing trend towards commercommercial bank standby credit.

MAS issue poised for launch

BY WONG SULONG IN KUALA LUMPUR

market, which has sprung back to funda-life in the past month after a series After of measures by the Government aimed at boosting activity.
Raja Mohar, MAS chairman, said

day with Malaysian Airline Sys- errment will eventually reduce its tem's offer of 105m shares at 1.8 90 per cent stake in the airline to 30 ringgits each.

The issue, representing 30 per
cent of MAS's capital and raising to control the airline, appointing six

188m ringgits (\$77m), will be a time-directors, including chairman and ly boost to the Malaysian stock managing director, and deciding ental policies. After the public offer, MAS capital would increase to 350m ringgits from 70m ringgits. Of the 105m

MALAYSIA's biggest ever stock—the share sale was the first step in public subscription, 35m reserved for Malays and 17.5m for the air-day with Malaysian Airline Sys—erament will eventually reduce its line's 10,700 staff.

Euroclear

Week to September 25 1985 Source: AISO

for deals. "Slow" would be an exag-geration of the pace at which bonds

ment support, many of last week's issues would have been flounder-

ing. A syndicate manager who kept

on the sidelines said: "I have spent the whole week saying 'no."

The exception to the tale of woe

was Toyota Motor Credit's issue launched on Friday. That is from

the U.S. company and is not guar-

issue and it held comfortably within

were moving. But for lead-manag

MAS, which began operations in 1973, made a record pre-tax profit of 134m ringgits for the year ended June 1985. It expects a setback for

After a drop in earnings from the domestic routes, especially the East Malaysian sector, net profits might dip to 106m ringgits for this year, the airline says. A gross dividend of shares in issue, 52.5m would be for

Gulf Canada bids for rest of Abitibi-Price

GULF CANADA has offered to buy out minority shareholders in Abitibi-Price, the Toronto-based news-

trolled by Olympia & York.

Olympia, a private property group controlled by the Reichmann family, sold most of its 93 per cent interest in Abitibi to Gulf to help to pay for its purchase of the oil company in August from Chevron CorOlympia & York.

The offer price is the same as Gulf, which already owns 84 per Gulf paid for the bulk of Olympia's cent of Abitibi, said it would pay interest in Abitibi. Olympia indicat-C\$95m (\$69.8m) or C\$21 each for edearlier that it planned to give Abthe 4.5m shares not already con- itibi minorities an opportunity to sell their shares.

These Bonds having been sold outside the United States of America and Japan." this announcement appears as a matter of record only.

Seniember 1985



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G5 booster to prices proves short-lived

FIRST there was the Group of Five then there was Gloria. The dollar's collapse in the after math of the G5 meeting buf feted the credit markets, but it was Hurricane Gloria that closed them down on Friday morning. In retrospect both may be remembered most as storms in a volatile teacup.

The agreement among the five major western industria-lised nations to bring down the dollar (and boost the yen) through co-ordinated central bank intervention created a new mood of uncertainty

But Hurricane Gloria's approach was more dramatic. At 10 am on Friday the primary dealers ceased trading as bankers retreated to their country homes and the Telerate newsroom went home. In the event the U.S. markets

	Last Friday	1 week	4 wks	—12-n High	-rëngs Low
Fed Funds (Weekly average)	N/A	7.93	7.79	10.90	7.70
Three-month Treasury bills	7.04	7.00	7.15	10,29	6.67
Six-month Treasury bills	7.04	7.26	7.32	10.40	6.81
Three-enonth prime CDs	N/A	7.57	7.84	11,25	7.33
30-day Commercial Paper	N/A	7.88	7.65	10.95	6.65
90-day Commercial Paper	N/A	7.90	7,80	10,85	7,90
U.S. BOND PRICES	Last	Change on week	Yield	1 week	4 wks
Seven-year Treesury	N/A		10.25	10.18	10.15
20-year Treesury	N/A	_	N/A	10.77	10.67
30-year Treasury	N/A	_	10.48	10.57	10,48
New 10-year "A" Financial	N/A	_	N/A	71,15	10.88
	N/A	_	N/A	11.75	11.63
New "AA" Long utility		_	N/A	77.63	11.38
New "AA" Long utility	N/A				

Waiting for a further cut in base rates

yield curve as short-term rate declines outpaced the slight In the event the U.S. markets became increasingly sceptical about the real meaning of G5 as the week wore on. Meanwhile, ferocious Gloria sped past causing much disruption, but surprisingly little damage.

Neurothelees outpaced the slight drop in the long bond yield. The G5 meeting undoubtedly played its part in this. Some market participants concluded that an agreement to seek a lower dollar made a significant firming move by the Fed even move unlikely.

steepening of the Treasury auction made necessary by Con-yield curve as short-term rate gress's continued inability to declines outpaced the slight pass a new and higher debt ceiling limit.
But while bond and stock prices got an initial kick out of the G5 meeting, the booster proved short-lived as doubts set in about the possible in-flationary consequences of a lower dollar, the possibility that a weaker buck would re-duce the hitherto voracious

The markets' confusion was enhanced by the Fed's open market activities which included massive customer re-purchase agreements and sysmarket participants began to talk again about the possibility of a discount rate cut, the majority of semior Wall Street economists rejected such notions believing instead that the Fed will hold basically to a stable course for the time

Some economists noted that while a moderate decline in the dollar may be welcome, a collapse would not. A weaker dollar may enhance the Fed's flexibility, but, with the strength of the economic rebound still a topic of hot de-bate, a "wait and see" monetary policy would be par for the

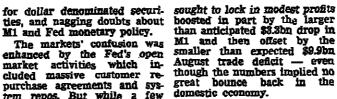
course In fact the Treasury bond markets headed down in the one hour of trading on Friday —before dealers shut up shop in preparation for Hurricane

smaller than expected \$9.9bn August trade deficit great bounce back in the

Looking past G5, Japanese investors showed their coninvestors showed their con-tinued appetite for dollar denominated securities by more than offsetting Japanese cen-tral bank sales of dollars. But there is a growing concern about how long that will remain true without meaningful progress on the U.S. federal budget deficit.

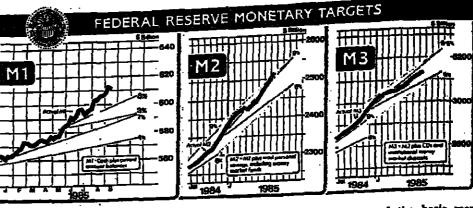
In the immediate future the

U.S. credit markets' attention is focused on the upcoming policy making Federal Open Market Committee (FOMC)



meeting which begins to Friday—the same day the morrow.

No major change in Fed FOMC meeting is released.



policy is expected given recent mixed signals on the economy, but market perceptions could be coloured by this week's welter of economic statistics, including the August leading economic indicators due out today, house and car sales later this week, and the September employment data due out on

have lessened the threat of an markets. What is more there is no sign that the current con-The G5 directive appears to since this would actively negate central bank intervention. By the same token the FOMC is unlikely to slam on the M1 brakes, particularly given the increasing un-certainty over the current

relevance of the basic money supply measure. But there is still much room for doubt and caution in the no sign that the current con-fusion and nagging uncertainties will be resolved anytime soon—for this reason volatility seems to be the order of the

Paul Taylor

184% 97 107 96% 93% 85% 121 136% 103% 0 66

Chg. o

YEN STRAIGHTS I. Asian Dev Bk 74 94 ... Avon Products 64 91...

Dommark 6's 92 Dow Chemical 7 94 EDF 6's 95 Eurofina 6's 92 FNMA 6's 92 GMAC 6's 90

Nevertheless both events served to highlight the increasing uncertainties of the markets — evidenced by a continuing in the weekly Treasury bill Market participants

the last two months waiting the course of base rates was will note that of the four Tory for a further cut in base rates. all important, stepped the G5, Party Conferences since the They are in the predicament raising the question of what of an assembled party of dinner would determine interest rates

UK GILTS

The market was prodded into life before the Group of Five (G5) meeting by dollar weakness, and major gains were registered after G5, when the dollar was plummeting. But since then prices have drifted. Purchases by investors have been met by profitable sales by traders, all too aware of dollar was the resulting need the dangers of financing stock for them to maintain high accruing at 10% per cent in interest rates. Could they have the shorts with money costing accepted shackling themselves This concern about the inverted yield curve is not res-tricted to the short end of the base rate cuts to get them going. There is an old adage in the gilt market that it is better to travel than to arrive. But a journey can go on so long that the passengers lose

guests still awaiting the long in the new dispensation. Accoverdue guest of honour. cording to one view in the Should they go on waiting, market, the G5 agreement puts start without him, or cancel back the prospect of interest the whole affair?

pean countries had taken such umbrage at the strength of the to the current level of interest rates even if the dollar falls much lower? Surely not. Rather the understanding must be not to indulge in competitive interest rate reductions while market psychology about the

dollar is still adjusting.
This need not rule out a 1

ness on the exchange rate. As things stand, inflation is likely to hit 4 per cent in the second quarter of next year. If the Chancellor let the pound rise much further he would reduce inflation to Swiss proportions. (Meanwhile, the level of economic activity might also look set to converge on Swiss proportions!)
Given a belief that gilts are

driven by real yield considerations, on this scenario you would buy the gilt market even This need not rule out a 4 without the prospect of further per cent cut in Britain in the base rate reductions. But the relatively near future. Is it too evidence from the bull sessions cynical to look to the Tory last year and the great bull Party Conference in a week's market of 1982 suggests that the

Into this environment, where the course of base rates was all important, stepped the G5, raising the question of what would determine interest rates in the new dispensation. According to one view in the market, the G5 agreement puts back the prospect of interest rate cuts. If the G5 are trying to lower the dollar, the argument runs, it would be illogical to respond to dollar strength by countries cutside the U.S. cutting interest rates.

Life the course of base rates was will note that of the four Tory reductions to forge anexa. In does not get them, the most important implication is a switch of index-linked and into conventional gilts.

Life the Chancellor does take the benefit of dollar weakness in the form of lower interest rates.

Life the Chancellor does take the benefit of dollar weakness in the form of lower interest rates.

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Life the Chancellor does take the benefit of dollar weakness in the form of lower interest rates.

Life the Chancellor does take the benefit of dollar weakness in the form of lower interest rates.

Life the Chancellor does take the which has proved impossible to breach for donkeys' years.

And for the longs, at least, there is the further problem of funding policy. So far this year about 40 per cent of new gilt funding has been at the long end, compared with less than 10 per cent last year and less than 3 per cent in 1983.

Until a base rate cut seems imminent, these look like good reasons for traders to sit on their hands. But investors may rush in where traders fear to tread.

Roger Bootle Copel Cure Myers



GUILDER STRAIGHTS DBRIMMIN Stand Elec 8-2 cs | New Zealand 8- 88 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |

All of these Securities have been sold. This announcement appears as a matter of record only.

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INTERNATIONAL CAPITAL MARKETS AND COMPANIES

William Hall reports on the latest mega-dollar takeover in the U.S. food industry

Philip Morris bids to lower tobacco profile

PHILIP MORRIS's \$5.6bn takeover bid for General Foods is
the biggest and most dramatic
in a series of deals which have

Philip Morris's interest in swept through the U.S. food business over the past 12

General Foods, which pro-duces more than 60 household brands ranging from Maxwell House coffee to Birds Eye frozen foods, is the biggest food manufacturer in the U.S. and its list of products reads like a "Who's Who" of the supermarket shelves in more than 100

countries.

Philip Morris is best known for Mariboro, the top-selling cigarette in the world, but it is also America's second biggest brewer and third biggest soft drinks company. It likes to boost that every day 90m people around the globe use one of its

products.
The combination of the two companies, formally unveiled on Friday after a week of frenzied speculation on Wall Street, will create the biggest consumer products company in the U.S. and probably the world. In terms of its \$22bn of sales it will be nearly double the size of Procter & Gamble.

Although the combined work-force of 124,000 will be less than half that of Unilever, in terms of sales it will be as large

Philip Morris's interest in General Foods comes less than four months after its arch rival, R. J. Reynolds, made a friendly

\$4.9bn bid for Nabisco Brands, the leading U.S. biscuit manufacturer, and the rationale is Despite its steady growth in market share—it has 35.3 per

SALES OF THE MAJOR U.S.

Beatrice
Darc and Krafe
lows Beef
Coca-Cols
Anneuser-Busch

cent of the U.S. market and is far and away the biggest U.S. exporter of cigarettes—Philip Morris, like R. J. Reynolds is anxious to reduce its dependence on the highly lucrative world tobacco market. Both companies have very strong cash-flows and want to invest outside their core business.

Cigarette consumption in the U.S. is falling as consumers where and surface and away the biggest U.S. Last year it earned more than 90 per cent of profits from tobacco even though beer and soft drinks account for more than a quarter of group sales.

In addition, Philip Morris' to management team is uncomfortably aware that the group's recent growth has been built on the tremendous success

U.S. is falling as consumers built on the tremendous success become more health conscious of the company's Mariboro

threat of product liability suits against the giant tobacco com-panies. Indeed, concern on this score may partly explain Philip Morris' recent corporate re-structuring under which it made all of its key operations subsidiaries of a new parent,

Philip Morris Companies It noted at the time that "such separation should better insulate each business from obligations and liabilities in-curred in unrelated opera-

Aside from general fears about the future of the U.S. tobacco business, Philip Morris has been under more than usual pressure to broaden its earnings base. Its two previous diversification moves—the 1970 acquisition of Miller Brewing and the 1978 purchase of Seven-Up—have not lived up to expectations leaving Philip Morris the least diversified of the tobacco companies.

Last year it earned more

brand whose cowboy trade-mark, which has been around Ferguson, General Foods chief for 30 years, is one of the greatest advertising images of per cent in the future.

Mariboro accounts for 60 per has taken great strides in broad-cent of Philip Morris's U.S. ening its product line and re-cigarette sales and there must ducing its exposure to comcigarette sales and there must be a serious question as to Fow much more market share it can gain in a declining market.

General Foods is in many pany's revenues, now comprise respects an ideal partner for Philip Morris. Its earnings record over the past few years her been gowthern near accord. respects an ideal partner for Philip Morris. Its earnings record over the past few years has been nowhere near as good

HOW THE TWO GROUPS COMPARED FOR 1984 Philip Morris \$13.8bn \$889m \$9.3bn Foods \$91bn

63,000

as that of Philip Morris, which has reported higher earnings per share for more than three decades, but it has strong mar-ket positions in large industries —a key factor in Philip Morris'

General Foods has an envi-able stable of well-established brand names with strong con-sumer recognition. Some threeIn addition, General Foods

of acquisitions such as the \$469m takeover of Oscar Mayer. the processed meats group, and the \$315m purchase of Enten-

mann's bakery. Philip Morris' core businesses have a number of things in common. They operate in high-turnover, high volume industries, are agriculturally based and have substantial potential for penetration of large interna-Foods' products fit into these categories.

Hamish Maxwell, the Liver-pool-born chairman of Philip Morris, says that the combined agricultural base with leading brands in many repeat-purchase segments. We use many of the same distribution channels so quarters of its revenues are de-rived from products that are the combination should further number one in their category. strengthen our relations with

whether steelmaking was still losing money, but it seems highly unlikely that last year's losses of DM 148m in steel-

	MEM :	N I EKK	AHOR	AL DU	MN 12	2023	
Sarrowers	Amount m.	Materity	Av. Ele years	Coupon %	Price	Book Runner	Offer yiek %
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Freddie Mec 1	100.14	2000	15	18%	180%	Salomen Bruthers	16.711
BECS ±	100 106	1998	3	57/s	18074	HRI Samuel	9.276
Banca Maz, Agric. (b) ±†	150	1991 1992	6 7	18 % %16	196 180	Citicorp Mitsubishi Fie.	10.125
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Centrest (s)‡†	100	1995	10	Vs	100	Sque. Parities	-
MECS ‡ Daw Charrical T	109 100	1988	3	5%	1001/4	Menil Lyach	9.728
Hospital Corp. Art. ‡	100 100	19 <u>92</u> 1995	7 18	10¼ 10¾	18874 180	EBC SBCI	16.198
Solvay Fix. Because ‡	109	1996	18		99½ (g)	Société Géz.	16.758 18.584
Chrysler Floanciel ‡	150	1990	5	97/4	10074	Bque. Paribes	9.585
Buck of Chica (h) ‡	150	1995	10	10	100	Nomera Secs.	10.000
Washington Post ‡ Toyota Metor Cred, ‡	190 100	1995 1989	18 4		(g) eVBO	Salomon Bree,	10.854
Beion Bk of Money Ø1‡	75	1991	Ē	91/2 3 bp	1861/2 188	Nomera lat. CCF	9.345
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Bey. Vereinsbik. ‡	50	1990	5	13	1001/2	Bay. Vereinsbk.	12.858
MY Amery ‡	25 25	1989	4	13%	180	Pierson H & P	13.625
NV Amov ‡ Norddeutsche 15 ‡	25 50	1990 1992	5 7	13% 13%	108 1081/2	Pierson H & P	13.625
Schlemein-Holet, †	30	1998	ź	13	1081/2	Orion Royal Bask Dentsche Bank	13.812 12.858
ENAC ‡	40	1996	5	13	1801/2	Hambrus Bank	12.858
KEW ZEALAND DOLLARS							
3m **‡	30	1988	3	171/4	101	Citicorp (Lex)	16,799
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Keres Ex. Bk	100	1990	5	71/4	100	Doutsche Bank Commerzbank	7,311 7,250
SWISS FRANCS							
Korez Dev. Bank Î	70	1993	_	57/4	997/4	SBC	5.915
Mitseha Elec. Affo. **†	25	1998	_	55/4	108	Wirtschafts & Priv.isk	5,515 6,675
lishioutsu Con. "" .	188	1990	_	(3)	•	Crádit Suisse	
enowa Look S	28	1990	-	(134)	•	URS	•
acific Gas & Elec. ‡	150	1990	-	51/4	100	Crédit Suisso	5,250
Mon Radiator ** ¶* Minizu Con. **1	60 180	1998 1998	-	51/2	2274	Crédit Suisse URS	
kepan Highway	200	1995	Ξ	542 (514)	2074	SBC	5.559
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MP (c) †	. 63 150	1995	18	978	100	CSFB Salomon Bros.	4.875
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Horld Benk (d)‡	250	1995	18	81/2	993/4	CSFB	8,538
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Bank of China (h)‡	38bn	1995	16	6.1	99,85	Nontra Secs.	
RENCH FRANCS							
76 †	-500	1992	7	1114	198	CCF	11,250
UXFMBOURG FRANCS							
opie OA‡	308	1998	5	91/4	100	Banque int. a Lsx.	9,250
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kristol & West Eld. Soc †(a)‡	100	1992	.7	V €	100	County Bank	-
errevie d. Stato (c)†‡	100	_1995 	<u> 10</u>	10 ե.թ.	100.18	Morgan Sty.	
IORWEGIAN KRONE							
Vorld Bank	250	1995	18	\$1/2		Bergen Bank	<u> </u>
ELEIAN FRANCS EC	4bo	1992	7	101/4	109.30	Banque Beneix	10.188
		1000		1075	100.00		10,100

NEW INTERNATIONAL BOND ISSUES

* Net yet priced. ‡ Final teres. ** Private placement. § Convertible. † Floating rate note. ¶ With equity warrants. If Dual currency.

Ø With bond warrants. (a) Vs over 3m Liber. (b) V1s over 6m Liber. (c) Registered with U.S. SEC. (d) Additional 100m ECU Tap.
(a) 10b.p. over 3m Liber. (f) Vs over 6m Liber. (g) Part paid. (b) in Tokyo domestic market. (i) 3 b.p. over 6m Liber.

Note: Yields are calculated on ARBO basis.

Interim setback for Essilor

giass company, has seen its recent rapid earnings growth halted in the first half of this year with a 9.6 per cent decline in operating profits. Net income managed a modest 5 per cent

improvement First half trading profits totalled FFr 189.4m (\$23.15m) compared with profits of FFr 1.4on.
FFr 209.5m in the first six Net ears

ESSILOR, the French optical said this decline reflected addi- 108.6m. The increase was due tional investment costs in the to a number of exceptional U.S. higher research costs and gains including subsidies higher publicity costs among obtained abroad the disposal of higher publicity costs among other factors.

It added that trading profits nonetheless remained at a high level representing 11.6 per cent weak, foreign sales had been level representing 11.6 per cent of sales totalling FFr 1.6bn in the half year compared with

boosted oy strong demand in the U.S. and a greater penetration in Far East markets. Poreign FFr 209.5m in the first six Net earnings totalled FFr sales accounted for 70 per cent months last year. The company 114.5m compared with FFr of half year turnover

Slimmer margins check Pick n Pay

BY JIM JONES IN JOHANNESBURG

PICK N PAY, one of South Africa's three largest supermarket chains, continued to grow strongly in the six months ended August 1985, but was affected by lower margins and consumer buying

white-owned businesses. Turnover immeased by 21.1 per cent to R1.024bn (\$406m) from R845m. However, pre-tax trading income rose by only 9.8

Operations were also affected, as consumer purchasing shifted though to a lesser extent, by away from high-margin black consumer boycotts of durables to lower-margin nondurables.

Turnover totalled R1.82bn for the whole of last year and pre-tax trading income was per cent to R24.1m from R22m R59.2m.

Kloeckner sees operating profit for current year

Modest first-half gain for UCB

BY PETER BRUCE IN BONN

KLOECKNER-WERKE, one of year. Kloeckner did not say West Germany's major steel producers, expects to make an operating profit for the year ending September 1985 after recovering to break even last making will be reversed suf-year and making losses of ficiently to staunch an overall DM 139.7m (\$52m) in 1982-83. loss in this division.

The group said its steel pro-Kloeckner said rolled steel cessing division would make an production would be up 6.7 per even bigger contribution to cent on the 4.1m tonnes proprofits this year than it did last duced last year.

growth of recent years.

BY OUR FINANCIAL STAFF UCB, the Belgian pharmaceuti- overall in 1985 to match the cals, chemicals and films group. BFr 1.36bn achieved for 1984. reports modest profits progress for the first half of 1985 in The interim profit increase was due mainly to a steep rise in exceptional earnings, which marked contrast to the rapid

Boosted by exceptional items, net profits for the half-year imwith BFr 34m. proved by 4 per cent to BFr
778m (\$14.3m). It expects profits major divisions improved. The company-said-sales-of its

totalled BFr 220m compared

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Credit Suisse First Boston Limited Union Bank of Switzerland (Securities) Limited

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Crédit Lyonnais

Julius Baer International Limited Bank Gutzwiller, Kurz, Bungener (Overseas) Limited

Banque Internationale à Luxembourg S.A. Berliner Handels- und Frankfurter Bank Commerzbank Aktiengesellschaft

Banque Bruxelles Lambert S.A. **Banque Paribas Capital Markets** Citicorp Investment Bank Limited Cornèr Banca S.A. **Deutsche Bank Capital Markets Limited** HandelsBank N.W. (Overseas) Ltd.

Merrill Lynch Capital Markets

Swiss Volksbank

Dresdner Bank Aktiengesellschaft Lombard Odier International Underwriters SA **Orion Royal Bank Limited**

Verband Schweizerischer Kantonalbanken

Placing of Shares in Great Britain by S. G. Warburg, Rowe & Pitman, Akroyd Ltd.

This announcement appears as a matter of record only September, 1985

the limited

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August, 1985

Securiguard forecast 'far too optimistic'

Securignard Group, a USM company which has been expanding rapidly in the security industry since it joined the market in 1983, has announced a halt to its growth.

Mr Alan Baldwin, the chair-

man, said that brokers' forecasts of a £1.4m profit for the year were now far too optimistic and he was expecting a similar profit to last year's £821,000. The comto last year's 2821,000. The com-pany's share price fell 45p to close at 100p on Friday night. The company's problems, he continued, had arisen from the unforeseen difficulty of integrat-ing the newly-acquired Consoli-dated Safeguards into the main commany.

dated Safeguards into the main company.

"After we bought Consolidated we tried to integrate it too quickly—in the space of about two menths. Unfortunately trying to fit an extra 800 people into our control centre in Holborn created unexpected staffing difficulties," Mr Baidwin explained.

"One has to admit some management fault in this, The root of the problem was that our management methods were different

Courtney Pope rises 36% to £2m

PRE-TAX profits for Courtney, Prope Heldings, the London shop-fitting and electrical contractor, rose by 36 per cent in the year to the end of May, 1985 from £1.55m to £2.1m. The result was achieved on turnover £5.5m righer at £39.96m.

The board says the excellent performance was the exertent of hard work and effort throughout the group, together with the capital investment in the last

capital investment in the last two years.

From earnings per 20p share of 31.16p (30.49p), the board is recommending a final payment of 5.5p, up from last year's 4.5p, making the total 8.50 (6.5p).

Trading profits increased from 12.525m, excluding VAT.

Trading profits increased from 15.50m and

September 1985

September 30, 1985, Landon

BOARD MEETINGS

Officer University of Wintey, Group Lotus, Inchespe, William Jacks, Lamont, Miles 33, PLM, Pritchard Services, Rugby, Portland Coment, Sandhurst Marketing, T & S Stores, TR

to those that the Consolidates staff were used to."

In the year to October 28, 1984 pre-tax profits amounted to £821,000 on a turnover of £12.4m. At the half-year stage turnover was up 73 per cent at £9.70m and pre-tax profits 39 per cent to £554,000.

Consolidated was acquired for

FUTURE DATES

of flat profits this year, it not expected to return to 50 cent growth next year. "Profits should however

Currency fluctuations help Liberty to £0.9m

Metropolitan Life Insurance Company

has acquired

Albany Life Assurance Company Limited

from

American General Corporation

The undersigned initiated this transaction and acted as financial advisors to Metropolitan Life.

The First Boston Corporation

Credit Suisse First Boston Limited

tions were favourable to Liberty's UK subsidiaries in the half-year to August 3, 1985, thus half-year to August 3, 1985, thus helping the company's retail sales to overseas visitors to London, and aiding its whole-sale company to increase exports by over 60 per cent.

Liberty, one of London's leading departmental stores—it also has branches throughout the UR and in Amsterdam, Chicago, Dallas, New York, Pennsylvania and Wachington DC—reports a

£439.000 to £1.07m. The pre-tax figure was after lower interest charges of £172,000 (£213,000). Stated earnings per 25p share of this close company were 8.95p

(1.07p), and the interim dividend is raised from 1.2p to 1.8p.

The board looks forward, with confidence, to reporting a satisfactory year's trading. The greater part of the company's profits are realised during the second half, and the level of sales since the end of the first half is encouraging, and the wholesale order book shows an acceptable volume increase.

Further growth at Lorlin **Electronics**

Lerlin Electronics, the USM-quoted designer and maker of switches and connectors, reported further growth in the first half of 1985. On turnover up by 6 per cent from £2.02m to £2.13m, pre-tax profits increased to £435,000 are interested to £435,000. against £393,000, an improvement of 11 per cent.

Directors say that margins were maintained despite lower deliveries for part of the period. deliveries for part of the period.

Since June, however, both
deliveries and orders have increased. The Sussex-based company now his a record order
book and is recruiting more staff.

It is expected that the trends
will continue through the second
half and that results will be significantly better than those being nificantly better than those being

Exports continue to account for 40 per cent of output and show signs of steady growth. Further big orders were secured further big orders were secured from France, Germany and Australia but significant growth was seen in the U.S.

The tax charge was £160,000 (£150,000), leaving attributable profits at £275,000 (£243,000). From earnings per 20p share of 5.31p (4.67p) the interim dividend is doubled to 1p. Last year the total payment was 1.5p.

F.T. Share Information ATA Selection (Section: Paper, (Hotels & Caterers).
Barrack Mines Ltd (Mines-Australians)

Ecobric Holdings Deferred shares (Industrials). Malaysia 104 Loan Stock 2009 (International Bank and Overseas Government Sterling Issues) Nationwide Building Society 114 pe Bunds 1/9/86 (Loans Building Societies). Noble and Land (Engineering). Sapphire Petroleum (Oil & Gas).

Associated Energy shares fall on year-end warning

BY FRANK KANE

environmental and catering ser-vices group, fell sharply on Fribreak even " in the current year, which ends today. Mr Richard Gillott, who takes

chairman Mr Paul Howlett, said that there has been a marked deterioration in the group's trad-ing position since the interim results last June, which showed pre-tax profits of £203,000 against £213,000. AES shares closed at 38p on Friday, down

14p. Mr Gillott blamed two factors for the profit slump. The building and environmental services ing aim environment as result of division had failed to match expectations, mainly as a result of cuts in government spanding which affected five measured

which affected five measured term contracts.
These were all related to property service agency work on military sites, which faffed to achieve levels of turnover indicated in the original invitation to tender. These five contracts have now been terminated, with unspecified write-offs.

downturn was the Taylor Freezer

cream and milk shake machines acquired just over a year ago at a cost of £523,000. Mr Gillott said that the offshoot had suffered a

sharp setback due to the impact of adverse exchange rates earlier in the year when the company ordered its machines from the U.S. The had summer weather had also affected sales. In the light of these develop-ments, the company is taking remedial action. Apart from Mr.

Mr Gillott said that despite the over the next 12 months. The board has undertaken a stringent review of all operating com-panies, and efforts are being made to reduce costs and to cut the level of group borrowings.

In the 1983-84 year, bank over-drafts and loans came to £560,000, and the company made pre-tax profits of £435,000 on turnover of £3.29m.

Jorgensen margins held

A 19 per cent increase in both turnover and pre-tax profits is revealed by Johnsen Jorgensen Pacskaging, USM-quoted manufacturer of plastic and glass containers, for the first six months of 1985. And the directors expect satisfactory results in the second half of the year.

Turnover expanded from \$5.66m to \$6.75m while the taxable esurplus came out ahead from \$460,00 to \$548,000.

The directors say the group's injection moulding company made good progress in a buoyant, if uncertain, market. Improved

contributions were also made by other subsidiaries. Prospects in the U.S. for the related company DTC continue to be encouraging, yet slow to materialise, the directors state, with the costs incurred in developing this business being

After tax of £262,000 (£210,000) earnings per share are shown as 4.08p (3.6p) and, partly to reduce disparity, the interim reduce disparity, the interim diridend is increased to 1.25p (1p) — last year's final was 2.5p.

Eucalyptus down by £1m

Turnover of Eucalyptus Pulp Mills advanced from £11.94m to £13.53m, but pre-tax profits fell to £2.32m for the first six months of 1985, compared with £3.35m

The directors of this sulphate pulp manufacturer consider the group's performance as creditpulp manufacturer consider the f2.49m (£2.52m) and pre-tax group's performance as creditable; but, as it is unlikely that f172.516 (£166.583) provision for any price rise can be expected unrealised exchange tooks. £391.611 they say that margins will come (£440.221), minoraties £137.884 under increasing pressure moder increasing pressure.

Meanwhile, the production from both mills remains fully

market conditions, to seek busi-ness from long haul customers

(£440,221), minorities £137,984 (£201,696) after which earnings are shown as 48.1p (72.8p) per

COMPANY NEWS IN BRIEF

Systems reports a marginal increase in pre-tax profits, up from £310,000 to £835,000 for the six months to June 30, 1985. Turnsover was also shead from £21.69m and road haulage services. The to £22.35m. After tax of £209,000 interim dividend is being held at 4p. Compensation paid to £00,000, stated earnings per adjusted Sp. There is a 0.5p interim dividend (nil). The amount to £263,000. CORTON BEACH, the Southportare not generated in an even based specialists foods, leisure are not generated in an even

second half is traditionally stronger.

CHECKPOINT EUROPE a USM quoted distributor of electronic security tags and safes, reports a fall from £28,000 to £116,000 in pre-tax profits for the year to March 31, 1985. Sales were higher, however, at £5.2m compared with £3.34m. Mr William Nathan, the chairman, says the company was phable to overcome exchange losses in excess of £300,000. If the improvement in the dollar is maintained, the company will have improved results in the coming year.

COMMERCIAL BANK of Wales, which became a public company which became a public company in April last year, has announced a one-for-five rights issue at 25p. COMMERCIAL BANK of Wales, which became a public company in April last year, has announced a one-for-five rights issue at 25p. The issue, which is not being underwritten, will raise £1m (£79,000) and interest came and South of England Royal Mail Steam Packet reports sharply

WORDPLEX INFORMATION lower taxable profits of £239,000, Systems reports a marginal inagainst £733,000, for the first six crease in pre-tax profits, up from months of 1985. Turnover was CORTON BEACH, the Southport-based specialists foods, leisure flow throughout the year — the and automotive group, reports second half is traditionally profits of £51,391 for the 30

SHARE STAKES

Changes in company share stakes arnounced over the past week include:

Chamberlin and Hill — Mrs Taylor 57,000; Mrs E. E.

become interested in III represents 22 per share on September 24 and is now interested in 47.25m shares.

Petrogen Petroleum — G. B. Petroleum — G. B. Petroleum — G. B. Petroleum — G. B. Petroleum — G. B. Petro

dinary when dispersion of the chairman, disposed of 100.000 shares and jointly now holds 1,481,070 shares (7 per cent).

Radycote International — J. C.

Alrector, sold 50,000

Alrector, sold 50,000

Alrector, has purchased beneficial holding remains as 180,000 shares.

Lowe Howard Spink Campbell Ewald Holdings—On June 4 director L. Delano acquired 4 holding of 35,000 shares at 2.734p and on July 16 director D. Jones purchased 10,000 shares at 220p and now holds 301,525 shares.

Ragian Property Trust—D. M.

Ragian Property Trust—D. M.

ordinary shares.
Strond Riley Drummond—The following directors purchased shares on September 15: S. M. Simmonds 50,000, M. Dickson

ing of 308,793 ordinary (4.55 per is now 1,795,300 shares, which when combined with his wife's become interested in 1m represents 25.4 per cent.

50,000 shares and now holds

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

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PENDING DIVIDENDS

Dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements except where the forthcoming board meetings (indicated thus) have been officially notified. Dividends to be declared will not necessarily be at the amounts in the column headed.

BCABSG Inti

Refuelting....rov
Gerard and National...Oct 22 Inverim 3.0
Gill & Duffus...Oct 24 Interim 4.0
GlexoOct 8 Finel 9.0

RaybeckOct 12 Interim oil Reed Ind.Oct 30 Interim 5.75

"Scot Metropits
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NATIONAL BANK OF DETROIT US\$100,000,000 **Floating Rate Subordinated** Capital Notes due 1996

Notice is hereby given that in respect of the Interest Period from September 30 to December 30, 1985 the Notes will carry an interest rate of 816% per annum. The coupon . amount - payable on December 30, 1985 will be US\$205.38 per US\$10.000 Note.

September 30, 1985 The Chase Manhattan Bank, N.A. London, Agent Bank

U.S.\$25,000,000 Floating Rate Notes due March 1986 **BANCO DE SANTIAGO**

(incorporated with limited Hability in the Republic of Chile) In accordance with the provisions of the Nooss and Agent Bank Agreement between Banco de Sanciago and Cribenic, N.A., dated September 24, 1980, notice is hereby given that the Rate of Interest has been fixed at 84% p.a. and that the interest psyable on the relevant interest Payment Date, March 27, 1986, against Coupon No. II in respect of US\$10,000 nomical amount of the Nooss will be US\$432.64.

September 30, 1985 London By: Crobank, N.A. (CSSI Dept.), Agent Bank

CITIBAN(

MANUFACTURERS HANQYER

TRUST COMPANY

US\$200,000,000

IRELAND U.S.\$50,000,000 Floating Rate Notes due March 1968

in accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the next interest period has been fixed at 8 🕳 % per annum.

The coupon amount will be US\$4,171.87 and will be payable on 27th March, 1986, against surrender of Coupon No. 10, Agent Bank;

Morgan Guaranty Trust Company London

Floating Rate Subordinated Capital Notes due 1997 Notice is hereby given that interest for the period 4th April, 1985 to 9th October, 1985 will be US\$2,198.27 per US\$50,000 coupon and will be payable on 9th October, 1985; against surrender of Coupon; No. 1.

turers Hanover Limited Agent Bank

FINANCIAL TIMES STOCK INDICES

CONTINENTAL ILLINOIS OVERSEAS FINANCE CORPORATION N.V.

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NOTES DUE 1994
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Reference Agency Agreement between Continental Illinois Overseas Finance Corporation N.V. and Citibank, N.A., dated June 24. 1982, notice is hereby given that the Rate of Interest has been fixed at 8%% p.a. and that the interest payable on the relevant Interest Payment Date, December 31, 1985, against Coupon No. 14 will be US\$209.24 in respect of US\$10,000 homistal amount of the Norses

By: Citibank, N.A. (CSSI Dept.), Agent Bank CITIBANCO

accordance with the provisions of the Notes and the

	Sept. 27	Sept. 26	Sept. 26	Sept.	Sept. 25	Sept. 20	19 High	85 Low	Since Co High	mpilation Low
Government Secs.	83,98	89.06	83.79	83,77	84.02	85.39	89.06	78,02	127,4	49.18
Fixed interest	89.16	69,20	89,15	89,10	89,15	98,65	89,20	82,17	150,4	60,63
Ordinary	989.6	979,1	980,6	982.7	995.3	1002.2	1024,5	911.0	1024.5	49.4
Cold Mines	301,6	301,5	5.605	510.9	312.9	810.6	636.9	208.1	784.7	43.5
FT-Act All.Share	622.37	618.58	619,89	623,62	628,33	631,43	645,82	581,88	646,82	61,92
₽. 7-8E ±00	1280.7	1270.5	1275.2	1280,1	1292,1	1298.7	1340,5	1206.1	1342.4	986,9

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REPUBLIC OF FINLAND

U.S.\$100,000,000 Floating Rate Notes Due 1990

Notice is hereby given that the interest payable on the Interest Payment Date, October 31, 1985, for the period April 25, 1985 to October 31, 1985 against Coupon No. 1 in respect of U.S.\$10,000 nominal of the Notes will be U.S.\$433.69.

September 30, 1985, London

By: Citibank, N.A. (CSSI Dept.), Agent Bank

FINANCIAL TIMES SURVEY

Monday September 30 1985

Management Education and Training

Fundamental assumptions about approaches to management development need re-examining as courses proliferate under pressure from changes in patterns of work and organisation

Time to stop and think

Almost all rely to some extent on advices in information-handling technology. An increasing number are the "distance learning" type: the electronics age successors of the correspondence course. They combine video, programmed texts and tuition to enable working managers to raise level of a master's degree in administration — by studying largely at home.

With so much activity the people involved, whether suppliers or customers, are understandably reluctant to stop and think deeply. But it is important that they do so. Since a crossroads has been reached, ssing on is liable to send them in the wrong directions. fundamental. For-management education and training have not

arrived at the crossroads entirely by their own choice. They have been carried there by forces changing the whole

While the change is greater in some parts of the world than in older industrialised countries it threatens to be little short of siesmic in its effects.

. 22.5

\GO

9.7

There is a consensus among experts that many managerial jobs of the future will bear relatively little resemblance to the bulk of existing ones.

This survey was written MICHAEL DIXON, Education

Correspondent

understanding will be different, and so will be much of the education and training that future managers need. But in what ways different?

Such questions cannot be answered with certainty, not answered with certainty, not even by a business school professor of long-range plan-ning. Merely to ask them, however, is to indicate the need re-examine fundamental issues, including several rarely questioned assumptions under-

One of those assumptions can be brought destructively into play by the mention of

MANAGEMENT EDUCATION means of doing it, are altered and training are at a crossroads — an exceedingly busy so the people do seem bound crossroads. New courses and less conventional study proless conventional study programmes continually arrive on of job which are primarily the scene in bewildering managerial. But what kinds?

MANAGEMENT EDUCATION means of doing it, are altered in Britain, perhaps more than some other countries and especially West Germany, many people do not take education and training to be merely different activities; they view them as superior and inferior regretively. some other countries and especially West Germany, many people do not take education and training to be merely different activities: they view activities respectively.

Education is widely regarded

as identifying and developing intellectual powers not only to appreciate the finer points of life but also to decide what sort of things need making and doing and how they should be made and done. Training tends to be seen as a lower-order activity, able at best to equip people for the inferior work of making and doing things.

That upstairs / downstairs ranking coincides with the common assumption that, for the purposes of collective effort, nature arranged for people to be born into one of two sub-divisions.

The minority group consists of thinkers born with the poten-tial to carry out the intellectual tasks of identifying, planning and organising what work is to be done: that is, the tasks of

The majority, less well endowed intellectually, was born to follow the thinkers' instructions in making the goods and services. (By "making" that also means "doing" activities such as selling; the object of selling is to

rake good deals.)
The sub-division into thinkers belief (fortunately less



ago) that middle and senior management jobs should be restricted to people who rise successfully through the tiers of academic education to emerge with a master's degree in business. The counterpart view is that management train-ing is mainly for the pre-destined lower-rankers.

But to look on education and training as superior and inferior is wrong. For if "training" has any sensible definition it is surely as "the imparting of specific skills."

Reading, writing and numbering are specific skills and since nobody is born with them, they education can start. Even when lar level of education, they are

often unable to progress with-out training in additional skills. For instance, a school-leaver promising at geography may need training in statistics before being able to gain a degree

Training is both fundamental education and inseparable from it. Continuing to regard one as intrinsically better than the other can only hamper the development of capable adults.

Continuing to regard the workforce as thinkers or makers bodes ill for the economic prospects of a country like Britain. The division follows bureaucratic forms of work organisation which may have served well when countries could rely heavily for their liv-

But unless we can replace

still the South Koreans) we can-not rely so much on the existing bulk production of goods and services. We shall need to invent, develop, make market new ones.

The writing is already on the wall. Although government departments continue to organ-ise around the thinkers/makers division, in the business sectors bureaucracies are being torn

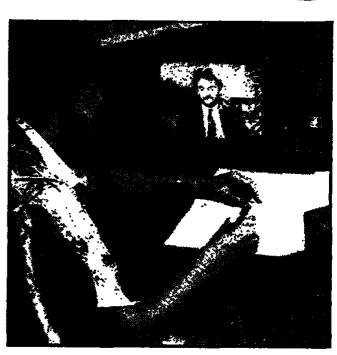
It is not long since the majority could depend on joining an organisation and being handed a ready-made job. It looks as though fewer will be growing number will need support themselves, not by joining organisations, but by mak-

ing things that other people will pay for.

The trend towards smaller organisations mean fewer managers can expect to be employed as administrators and supervisors of other people's efforts Tomorrow's managers will have roll up their sleeves and take a leading, practical role in the work of development, production and selling.

To be up to the challenge in sufficient numbers, they will need education and training continually through their working lives in a range of key skills and abilities.

This survey aims to discuss those key needs and how they can be met, in an attempt to help management education and training to decide on the



A tough haul (left) for managers solving practical problems at the Leadership Trust, founded by former SAS man David Gilbert-Smith. At home (above), electronic aids are taking correspondence courses, enabl managers to raise qualifications. enabling

CONTENTS

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eadership. Page 4

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A view from Oxford

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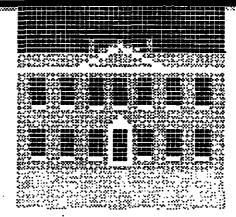
In addition to its teaching of undergraduates and postgraduates and its traditional specialisation in tailor-made programmes for companies, the College offers a comprehensive range of public programmes. New courses available this year include Successful Global Management, Managing Major Projects, Financial Planning and Forecasting, Employee Relations: policy and practice in the modern corporation, Design in Retailing, Retail Location Analysis and the Oxford Aspen Seminar. For full details of these and other activities at the College write to the Associate Dean.



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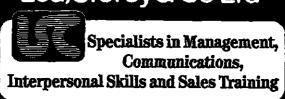
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Skills

companies, IBM has decided that the bureaucratic forms of organisation which have served it so well are liable to be a hindrance in future.

Whatever advantages centralised control may have, it does not foster creativity-or at least not the profitably directed sort. And to meet challenges the company faces, especially in Europe, it needs to make more use of individual

For instance, it is relatively rare for a single production line to be capable of turning out products which suit potential buyers the world over. There would be benefits in the product and prover and handing more power and decision-making to the managers of subsidiary operations in the field.

"We're aiming to concentrate the work of our European head office on strategic fhink-ing instead of control," says Mr Kaspar Cassani, head of IBM's Europe, Middle East and Africa

But when managers are freed from bureaucratic rules

and have only broad strategic plans to guide them, they have to work more entrepreneurially. And, as Mr Cassani says, they often do not know how.

"We had them coming back saying: 'We don't have the skills to discharge these new responsibilities you want to give us'," he says.

It is not only executives away from headquarters whose jobs are liable soon to demand new abilities. The pruning of bureaucratic controls looks bound to transform the work of many people in head offices, particularly those heading staff functions such as personnel and management services,

Mr Parry Rogers, who retires next year as personnel director of Piessey, believes that if he came back to his type of job in a few years, he would have diffi-culty in recognising it.

"Big-company personnel directors have traditionally been rulers of armies of imbouse specialist staff. But I continue and training are farmed for think many will be much longer," he says.

"They will be more like chief buyers. Companies will not keep a range of different personnel specialists on the payroll. They will bring them in wholesale. They would have inform outside when required. Ability to manage a large staff will not be an important factor. The key will be knowing not only the personnel needs of the papies, so a growing share only the personnel needs of the papies, so a growing share only the personnel needs of the papies, so a growing share only the personnel needs of the polymin stafford to individual wants.

There would probably also be

A corollary would be that a scrambling of the pattern of many people formerly employed as resident support staff courses still tend to teach

many people formerly employed as resident support staff by big organisations would instead work in smaller consultancy-type companies, or as self-employed specialists. Specialists concentrating solely on their expertise, sheltered from the market and other pressures of business, would become rarer. So would ivory-tower administrators.

Given a continuing shift from supply. For all the innovation, courses still tend to teach either the intellectual know-about skills of analysis and planning or the practical know-how skills of making things and planning people; but not both are likely to be needed far more by managerial workers in future wanting to live reasonably comfortably with know-how skills as important to the intellectual know-how skills of analysis and planning or the practical know-how skills of making things and planning people; but not both are likely to be needed far more by managerial workers in future wanting to the practical know-how skills of making things and planning or the practical know-how skills of making things and planning to the practical know-how skills of making things and planning to the practical know-how skills of making things and planning to the practical know-how skills of making things and planning to the practical know-how skills of making things and planning to the practical know-how skills of making things and planning to the practical know-how skills of making things and planning or the practical know-how skills of making things and planning to the practical know-how skills of making things and planning the practical know-how skills of making things and planning the practical know-how skills of making things and planning the practical know-how skills of making things and planning the practical know-how skills of making the practical know-ho

Given a continuing shift from tant as the know-about kind. Selling ability, which in are liable to find it more complex to earn a decent living. It will often be insufficient just in sales, could become a necessity of the local tank of the local to do something well enough sity. Many who lost top jobs for others to think it worth in the early stages of the shift for others to think it worth in the early stages of the shift money. They will need to become more involved in marketing and financing their activities, and require business abilities ranging from strategic analysis to computer skills,

Know-how the strategic of the shift from bureaucracy have found their lack of selling skill to be the greatest disadvantage in the greatest disadvantage in the control of the shift from bureaucracy have found their lack of selling skill to be the greatest disadvantage in the greatest disadvantage in the greatest disadvantage in the shift from bureaucracy have found their lack of selling skill to be the greatest disadvantage in the shift from bureaucracy have found their lack of selling skill to be the greatest disadvantage in their lack of selling skill to be the greatest disadvantage in their lack of selling skill to be the greatest disadvantage in their lack of selling skill to be the greatest disadvantage in their lack of selling skill to be the greatest disadvantage in their lack of selling skill to be the greatest disadvantage in their lack of selling skill to be the greatest disadvantage in their lack of selling skill to be the greatest disadvantage in their lack of selling skill to be the greatest disadvantage in the greatest disadv



Heads together to compare notes at Henley college

more effective and widespread

"thinkers" at the neglect of more effective and widespread teaching of know-hows, which suggests expanding opportunity for action-learning programmes.

In the last analysis, however, a successful response to changes in need could probably not be achieved by management education and training alone.

Adult courses have little of ever getting a skilled job, let alone of creating one for

> Whether Britain can meet the challenge of change in patterns of work organisation could therefore depend ultimately on whether government can find the will to carry through the required changes in the state

> If ministers need help in find-ing ways of developing useful skills in children whose intelligence is non-academic, they need not look far. It is already being done successfully by much of the management education

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Blight of uncommitted employers

Spirit

HOW CAN management education and training be managed better? The question may offend the numerous organisations supplying courses and other teaching programmes covering almost all recognised

But the question needs to be asked, particularly in the UK where the view of the governmental establishment is apparently that the network is not managed at all. Take for example the judgment of an impublished official paper produced late in 1983 by civil needs of the firm, is more effective. unpublished official paper produced late in 1983 by civil needs of the firm, is more encured, servants of three Whitehall tive than highly structured, sometimes pre-experience ex-

training in Britain has de-veloped in a largely incoherent and unsatisfactory way, which has resulted in British manage-

gerial jobs, from supervisors to chief executives.

On the way to reaching that deal of indirect evidence to sug-conclusion the mandarins stated gest that this commitment does that there are roughly 3.5m not exist throughout a substan-people in Britain who do mana-tial part of British industry."

supplied within their employing of managers than small con-organisations (although often cerns are. It ain't necessarily using tutons imported from out-side). Since the remaining 20 The existence of a commit-

per cent includes the many private sector schools and con-sultancies providing courses, salitancies providing courses, is often the case, it as a comonly a very small fraction of the
total training takes place in the
state education system, including university business schools.

A major theme of the document's discussion is: "Other
countries do it better." A compassion is made, for instance,

the organisation. Judged by

aspects of managerial work.

Considering the flexibility, parison is made, for instance, ingenuity and technical expertise of much of the supplying makes itself responsible for network, it could claim to be managing well already.

In the countries do it better. A company parties of much of the supplying makes itself responsible for continuous management training and development through-

But, the civil servants add. "Management education and "few would claim that British management generally performs as well as its Japanese counterand unsatisfactory way, which has resulted in British management being less well equipped to meet the challenges of today than its counterparts else where."

On the way to reaching that conclusion the management training with a well developed structure to achieve this, there is a good deal of indirect evidence to suggest that this commitment does are that the commitment does are that the commitment does are that the commitment does are that the commitment does are that the commitment does are that the commitment does are that the commitment does are the commitment does are the commitment to the comm

There can be little doubt of document states. "Employers the truth of that last criticism. directors and managers need to

It could even be you.

Or have they?

ment to management training need not mean much when, as is often the case, it is a com-

the organisation. Judged by company training specialists' comments the root deficiency is that, with a few honourable exceptions, senior managers in their hearts care little about

Faith

"Once in a blue moon the chairman agrees to attend the last session of a course," said, a company training manager.
"You think 'hooray?" It gives the participants something to work for, and they graft hard to be ready for him. Then about an hour before he's due to arrive you get a message—he has been called away to do something important. It puts a blight on the whole damned

effort." Perhaps that is why senior managers figure prominently in the civil servants' recommenda-

tions for improvement "Employers have to be con-vinced that management training is a sound busines invest-ment, not an act of faith," the Of the "complex and diffuse" My only cavil is about the man-training activities aimed at darins' implication that big of new technology to improve them, about 80 per cent are companies are better trainers the performance of their

business . . . Managers at all levels (but especially at senior levels) need to become more skilled in handling human relations to be senior overlap between them.

But while convinced that more company top managers should get personally stuck into overhauling the training system, the mandarins do not think central government needs to do the same. Its action should stop at putting in pump-priming funds here and there, encouraging a few experiments, and making speeches.

Whitehall responsibilities is judged to be fine. The Department of Education and Science looks after format education. Manpower Services Commission conscious senior managers re-as well as Trade and Industry, fuse to take any interest in it.

Observers outside the Civil Service might think differently. For instance, a fundamental problem dies precisely in the lack of overlap.

The runnings of formal education under a separate department quarantines éducation away from training. The effect is to perpetuate the shibboleth that the first is superior to the second, which in The present distribution of turn bedevils training with the reputation of being something fit only for people who have failed in education.

That may be a good part of And while training involves the the reason why so many image-

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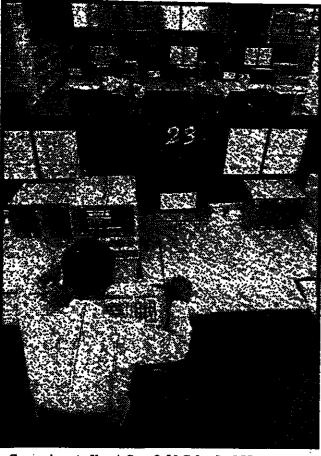
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-The University-Secretary, University of Stirling, Stirling FKS ALA Scotland to whom applications should be sent before October 18

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Good managers need more than intellect

management of a business,

MBA degrees as necessarily superior to those without them.

soul in the mix as well as a

"I would not recruit an MBA

graduate degree the preferred status they receive in the U.S.,

where management schools were set up about a century ago. European top managers share Sir Christopher's view

that each MBA differs markedly in practical managerial

director of management devel-opment for the Philips group,

not promote people just for that reason either. "It is not necessary to be

working to set one up with Warwick University.

Collaboration between com-panies and educational institu-

tions on degree courses is rare

Collaboration

Dr Kees Krombeen, corporate

abilities.

"There is now a growing interest in management education, and it is expected that in the next few years the increased quantity and quality of management education of all kinds will be making an important contribution." -National Plan, 1965

Schools

BRITAIN'S Hi-fated National Plan was published 20 years ago this month. A measure of its success is that the target the plan set, and to which management education was expected to contribute, was annual growth in the UK economy of 4 per

That rate has been touched in two recent quarters, but for the rest of the intervening period the economy has moved ahead far more slowly—and sometimes gone backwards. The blame cannot be fixed squarely on management educa-

tion, but it has certainly not lived up to expectations. A clue to the reason may lie in the way management education was looked on at the time the "I would not recruit an MBA
who could not show an understanding of what is done in
manufacturing and what is
required of the people in it."
In Continental Europe,
companies have mostly been
slow to give holders of the post-National Plan was prepared.
Although it referred to management education " of all kinds," including kinds," including training activities, the most important contribution was expected from university business schools. These were being set up follow-ing the Franks Report two years

of expansion of higher educa-Both reports shared the belief that education improves the capacities of people, including their work capabilities. Higher education would therefore make its graduates more effective workers.

before, which in turn followed the Robbins Report's proposal

Those coming from the new specialist management schools' postgraduate courses as masters of business administration would therefore be equipped to mastermind industrial and com-mercial advance. By the nature of their training, the new MBAs were expected to be the UK's

were expected to be the OKS leading managerial hope.
Today, few people outside management school staffrooms would accept that MBA courses a business graduate to become a good manager." necessarily equip graduates to run a business operation well. The consensus is that the only thing which distinguishes those graduates as a body from other candidates for management careers is that they all have certificates saying they are MBAs. By the measure of job performance, they range individually from very good to

Most companies in Britain, with the exception of financial not the necessary preparation for management work that they institutions and management consultancies, have been slow were thought to be 20 years to recruit them. Organisations ago.

such as Marks & Spencer, Sainsbury's, ICI, and Hewlettman of Jaguar Cars, who has Packard have a few in the a degree from London Business middle to higher levels, but they have been recruited on their utility of such courses. ttributes. The fact that they ing a promising manager from here for a long full-time course like that," he says. He values MBA training, butf or Jaguar's

have a postgraduate manage-ment degree is incidental. One of the minority of compurposes thinks it would be best provided through a part-time programme. The company is nies which recruit MBAs as a matter of policy is Courtaukis. Sir Christopher Hogg, its chairman, is an MBA from Harvard Business School in the U.S. He says postgraduate courses can give graduates "a rigorous conceptual approach to the overall

but there has been a rapid in-crease in school-based part-time MBA programmes. They are offered by several of the state-supported schools alongside their full-time courses and a variety of self-financing pro-grammes for working managers. They do not have the status

They do not have the status of degree studies, but self-financing activities can provide the schools with important in-come—in some cases up to about half their annual budget. which is extremely important."
But he does not regard
management candidates with But two professors from the City University Business School in London have argued that the degree-awarding institutions are unlikely to provide fully the educational needs of practical managers as long as the schools Besides the conceptual skills of the intellect, good managers "need a passion for their pro-ducts and about their customers—there has to be a remain tied to state-financed

Professors Brian Griffiths and Hugh Murray say the supply of public funds "drives a wedge between producer and con-sumer with the result that, as producers, the business schools are not sufficiently responsive to the needs of consumers."

They propose that schools withing the propose that schools are not sufficiently response that schools within the second sec

wishing to continue offering high-level management educanign-level management educa-tion from postgraduate studies onwards should be given a "golden handshake" from the state and thereafter finance themselves. Those wishing to stay within the university system should be confined to teaching management at under-graduate level.

Tempted

says the degree training "is not enough by itself, because to be successful as a manager The argument has impressed ir Keith Joseph, Secretary and not just as a backroom specialist one needs many for Education and Science. Although rejecting the idea of qualities which are not intellecqualities which are not intellectual, but personal such as leadership."

Mr Jean-Louis Masurel, chief of Moet-Hennessy and another Harvard MBA, also has a policy of recruiting from the management school courses.

But he says: "We do not recruit their graduates just obliging the schools to go private, he has told them he would like to hear from any "which may be attracted to becoming independent of public funds and which is prepared to consider the conditions under which it would be feasible to recruit their graduates just because they are MBAs' we do achieve this objective."
Since Sir Keith did not make

his offer until the late summer, it has not been fully considered by many of the schools. But some are tempted.

The only reason why at least one has not come forward already is the fear that the Education Secretary will be The message from the employment market this side of forced to withdraw his invitation by pressure from the universities at large. They can the Atlantic seems clear. Fulltime postgraduate courses in management given by univer-sity-linked schools to students chosen primarily on their suc-cess in their previous academic studies as undergraduates are be expected to put up strong resistance to losing their business schools, not least because they benefit from the income generated by the self-financing programmes for working man

> If the invitation was with drawn, any school which had responded to it would have damaged its relations with the parent university to which it would have to remain tied. Sir Keith has recognised this

> obstacle, and has promised to eek some hetter enabling schools to let him know of their interest in going private, and the terms on which they would be prepared to do so. Meanwhile, heads of the majority of business schools

seem against cutting their financial ties with the state system. The prime reason for their opposition appears to be anxiety about the MBA courses which they often still regard as the pinnacle of their existence. They argue that the loss of public funds would mean that the costs of running the postgraduate programme had to be covered by the fees charged to students. The consequence would be to increase fees to an

amount that few students would pay, even if loans were made more available. MBA courses would go into decline, depriving Britain of the best means of educating the managers needed to run industry and commerce. That argument is very much the one which inspired the creation of university business schools and the full-time postgraduate management courses

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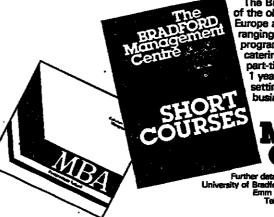
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Their approaches

videly Some are fairly standard courses, conducted in class-rooms and even including scholarly lectures. I once heard a training chief give a polished analysis of Mark Antony's "Friends, Romans, countrymen . . ." speech from Shakespeare's Julius Ceasar. The leadership abilities under study were not those of Caesar. study were not those of Caesar (who was, after all, dead when the speech was delivered) but Antony's in turning the Roman mob against the murderers of

Other programmes are more portable, making use of videos among numerous sophisticated aids. A third kind sends managers into the open air to learn from practical exercises, often physically demanding if not downright hazardous.

the former emperor.

Some managers look down on such physical goings-on as being fit only for hearties with low foreheads. But as I know from chastening experience, one's performance in the exercises, which is rigorously analysed and discussed afterwards — makes one went to improve

Charismatic

All the efforts to teach managers leadership, however, are hampered by a difficulty which makes it hard for them to guarantee success. In spite of the existence of enough theories of leadership to paper numerous boardrooms, nobody is sure what it is—except pos-sibly something which, by definition, is possessed by chief

Of the various kinds of leadership suggested by theorists, the one which seems most attractive to thrusting was scientifically charted, mere managers is the "charismatic" human leaders would take a type. It was first described by the German sociologist Max Weber, who died in 1920.

Charismatic (which means having the gift of grace") was his name for one of what he thought were three different ways of exercising authority over groups of people. The other two are the traditional

type, and the bureaucratic. Weber claimed that although have failed to come up to such practice leadership is never expectations. One reason is any single type, one of the that the necessary science of in practice leadership is never of any single type, one of the three always predominates. The pole position changes with circumstances, including the ideas prevailing in the society concerned about rights, duties and so on. If the dominant type loses adequate support it is

replaced by another It is when dissatisfaction with the prevailing leadership style is extremely severe that the charismatic type is most likely

of new challenges in external conditions, then in Weber's view it would not necessarily be charismatic leadership that to take over. Of the three, it gives the strongest personal power to the leader—but it can have uncom-fortable consequences for many

Max Weber's book Social and Economic Organisation defines the charismatic type as founded

venient myths and established precepts instead of scientific autes. on: "A certain quality of an individual personality by which he is set apart from ordinary

men and treated as endowed with supernatural, supernatural

or at least specifically excep tional powers or qualities."

That definition can accommodate not only the charitable career of a Christ, but also the

The favourite of Weber was the bureaucratic option. He saw it as the type most suited

to technologically advance societies with economies base

on mass production. He felt that bureancrats would become able to plan scientifically the future course of the organisa-

tion they were in charge of, and implement their plan by

rational and impartial methods.

As the route to be followed

human leaders would take a back seat. Anthority would be vested not in people as people, but in certain clearly defined jobs or "offices." The persons chosen to hold them, strictly on

objective merit, would leave behind their self-interest and other foibles and wield the

office's power dispassionately

Alas, real-life bureaucracies

especially in terms of people behaviour, remains undi

covered. That may explain why

the heads of big companies now want subordinate managers to

If bureaucracy failed in face

took over. Dominance might equally well pass to the tradi-

forecasting

crimes of a Hitler.

While the essence of Weber's theory that there are different types of leadership still lingers, types of leadership still lingers, recent years have brought a variation on the theme. It is based on the idea that circumstances are usually too complicated for any one person to have the qualities needed to take the lead at all times. The requisite qualities in a team.

Practical problems test the wits of managers training at the Leadership Trust in

One version of this approach has been developed by the British psychologist Dr Meredith Belbin. He has produced tests which he believes identify the range of necessary quali-ties, so that people with some but not others can be assem-bled into leadership teams. The qualities are of eight main kinds which he names and typifies as follows:

Priorities

Chairman—able to clarify

Shaper—to challenge and pressurise colleagues to find ways round obstacles. solve difficult problems. Resource investigator -

seek information and explore possibilities get to know and negotiate with potentially use that the common understanding Evaluator—to

relationships between col-leagues and soothe away

4.

management Unfortunately, exercise. although the theory suggests that the team with the best balance of the different attributes should win, it does not always do so. On at least one occasion a team composed entirely of resource investigators, for example, has beaten the rest hollow.

Another approach, based on the idea that good leadership is produced not so much by produced not so much by qualities born into people as by skills that can be learned, is represented by Professor John Adair of Surrey University.

In his book Effective Leader ship, he maintains that the leader of a team tackling a job must keep in balance three offerent needs. These overlap, so that meeting any one of them depends on also meeting both the others. The first need is to achieve the objective. The next is to desire the followers as a is to develop the followers as a team. The third is developing them also as individuals.

Chairman—able to clarity goals and priorities, motivate colleagues, promote taking of decisions.

Implementer — to organise ideas and plans into practicable courses of action.

But not all theorists in the good leadership lies in abilities possessed by people or in as yet discovered scientific lews of organisation. Professor Alistair Courses of action. of an objective to which the head of the group is committed, share and recognisably con to tribute to achieving

of the group's objective and all how it depends on the different options and analyse their likely members' contributions serves outcomes.

Team worker—to listen, build regulate how they behave towards one another.

.The conclusion appears to be reagues and soome away ... The conclusion appears to be antagonisms.

Completer—to search out get others to follow is by errors, omissions and oversights, keep others to schedules customers are supplied with a It is a bit like the bureaucratic kind. The main differences are that power is vested
not in "offices" but personalities, and they base their
authority on getting followers
to believe in and act by con-

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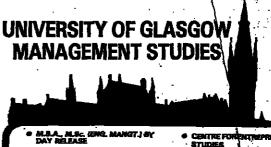
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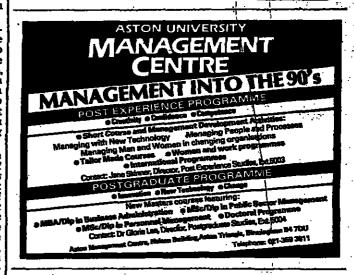
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Checklist

MANAGEMENT MANAGEMENT courses tailored to the needs of specific organisations have been one of the market's major growth points. But many a company unwarily seeking a tailor-made programme has been fobbed off with an off-the-peg, at best superficially changed.

superficially changed. Not so Jaguar Cars, however, which believes that its collaboration with the Cran-field Business School has provided it with a finely fitting programme for the company's senior managers. For the benefit of others who would like to follow suit Mr Tony King, Jaguar's training manager, has produced a 10-point checklist of the most important things to watch out for when working with external course-suppliers to develop an effective tailor-

1—See that the supplying organisation has the right "pedigree." It should have provided good comparable programmes for other success-ful companies. Ask for a list of previous clients and check with them.

2—The supplier must show a demonstrably genuine interest in the situation of the client company. If there is any sign that you are being manipulated into buying an off-the-peg course, shop around somewhere else. 3—Preferably, ensure the supplier can show an under-

standing of your business's markets, technology, culture—the lot. Otherwise seek guarantees that the course providers will work hard to develop the understanding.

4—Look for flexibility enabling the course to be tailored not just to the company's needs as they are at the outset, but to needs which emerge later.

5—Insist on standards in terms of practical results. The programme must enable managers to perform more effectively in the jobs they actually do, not just bless them with theoretical knowledge.

6—Select only potential suppliers who themselves ask for the programme to be for the programme to be jointly developed—to have the company's training specialists and senior managers involved in the setting up and running, and to be allowed into the company to research its stairs needs and to de-

velop teaching material.
7—Demand value for money. The right product will not necessarily be the cheapest obtainable, but its costs should be fairly well in line with those of alternative

8 Ensure the teaching methods will be varied and lively, and that the materials used will be immediately retaking part as relevant to their work.
9—Require that the course will build on what the mana-

gers already know rather than ignore it and inject dif-ferent knowledge. 10—Check that the teaching staff have recently been or, better, still are sucess

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LEADERSHIP courses have multiplied in line with chief executives' wishes for more effective supporting staff, but there is still a tack of courses in organisational politics. Yet successful managers owe a lot a their relitiest stills.

career is the one most deci-sively linked to success in managerial jobs.

Since the professor's finding No matter how rational a confirms what many experienced company's organisation chart

executives knew already, the dearth of courses in internal politics may seem strange. The main reason for the lack is per-haps that company chiefs are chary of having training politicians under them, prefer-

effective supporting staff, but there is still a tack of courses in organisational politics. Yet successful managers owe a lot to their political skills.

Professor Robert Sternberg, a psychologist at Yale University, has studied managers' knowledge of three key aspects of their jobs:

How to manage their own work by setting the right priorities.

How to manage subordinates.

How to manage subordinates.

How to manage subordinates.

How to manage their own who taught at Yale and at the wharton Business School before branching out on her own. When teaching about the workings of company politics, Dr Schein takes an attitude resembling that of an experienced biology teacher discussing the natural functions. She cannot see that there is anything to be ashamed about.

ashamed about.
No matter how rational a

Are you improving

your management performance?

prosper through the 1980's and beyond? Can they provide the leadership required to manage rapid change? Can they match the challenge of the Far East in productivity and product quality? Can they ismovate successfully? Build a positive industrial relations

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peak performance. They come to Ashridge because they find its programmes are practical, relevant and designed to produce

and skills they will need if your company is to survive and

may be, managers continually have to work against political have to work against political opposition, she says. To be effective, especially in getting changes made; they must know their political power bases and how to use them — even to the extent of deceiving colleagues likely to frustrate their aims. The power bases are of seven main kinds, each having risks as well as advantages.

First comes expertise, or

First comes expertise, or being seen by the company as the only person who could cope with some type of crisis. Exper-tise can be exploited politically if it is supposed to lie in some area which the organisation has recognised as a problem or

opportunity.
The danger is that experts can over-reach themselves, par-ticularly if they make too much play with jargon, as well as be undermined by adroit col-leagues. One undermining tactic is to represent the expert to top management as over-worked and in need of help from people under someone else's control.

Schein's name for the second power base in "assessed stature." It boils down to having a general reputation as a winner. Its flaw is that, like a winner. Its haw is that, like the rainbow, it comes and goes. While achievable by deftly pub-licising personal successes, it is made hard to maintain by the near impossibility of keeping secret inevitable failures. The third base, credibility, even a minor job in a neutral department might swing its support crucially in case of need. Informal links also greatly increase one's prospects of discovering what is going on.

depends much on attaining prominence outside the company prominence outside me company through such vehicles as professional institutes, local government and charitable works. The snag is that the value set by the employing organisation on external activity depends on the attitudes of comics means are which are sensor management, which are prone to change. What was credibility last Friday night may be absurdity on Monday morn-

Information

skills readily transferable to some other job. But if managers make their mobility too visible, their chiefs may decide to dispense with and replace them quickly rather than risk having them leave at some later and less convenient date.

The fifth base is control of information. A good way to build it means a good way to skills readily transferable to that the rest of the organisation about the cheme that the rest of the organisation about the scheme. Plans which would call forth determined opposition if revealed in their full glory frequently go through on a series of nods if the piecemeal as a catch a tartar.

If there is any appreciable risk that one's scheme will wisest to try to manipulate someone else to volunteer to take it which would call forth determined opposition if revealed in their full glory frequently go through on a series of nods if the control of information. A good way to build it means a good way to build it means a good way to build it means a good way to build it means a good way to build it means a good way to build it means a good way to build a good way to build it means a good way to build a good way to build it means a good way to build a g

less convenient date.

The fifth base is control of information. A good way to build it up is to develop external sources of data which few, if any, colleagues are likely to get. The carticle intelligence can then be sat on, traded with colleagues for further information, or passed on to them in accurate or distorted versions.

Would-be intelligence controllers have an increasing problem in the form of compatitions.

Windchever departments are important to the manager's schemes. Such links can serve as a deterrent to the use of isolating factics by opponents. The next is to present a conservative image. Enthusiasm in a manager needs only a little unwanted aid by senior levels as near-lineacy. It is best to phrase important proposals so that they appear only a modest they appear only a modest and to concentrate on unimagi-

problem in the form of computer technology which tends to diffuse incoming data more widely through organisations. That may be why executives responsible for installing new able opposition into the open, technology in their companies if opponents are obviously they expect as much invited to air their views at a meeting of all involved, their say they expect as much resistance from colleagues in middle and senior management as from trade unionists. resistance from colleagues in meeting of all involved, their meeting of all involved, their strength can often be dissipated.

But the other two of Dr Schein's power bases seem likely to be more durable.

The sixth is called political Time is also well spent in seek-access. It is attained by cultivating an undergrowth of problems of key staff elsewhere in the company.

With colleagues in other secTime is also well spent in seeking to "understand" the problems of key staff elsewhere in the company.

From that follows spearhead-

tions, no matter how low their rank. An undercover agent in

The danger is that managers

problems of key simil elsewhere in the company.

From that follows spearhead-ing one's own proposals with measures ostensibly designed to reduce colleagues' difficulties, especially if these are trivial. To paraphrase the rugby foot-ball maxim: get your reciproca-

Henley Management College, overlooking the Thames

who too obviously cultivate a wide network of friendships might be seen as insufficiently loyal by their own departmental Sixth comes staking while the iron is hot. Politicking through one proposal successfully can often ease the passage of another. If the second scheme is controversial and has been The result could be a loss of the seventh power base—group support. It consists in having the manager's domain united in rejected, it can still be got through sometimes if it is camouflaged as a consequence of the one which has just been unswarving pussuit of his or ber important aims. A particu-larly effective way of achieving group support is to convince approved. This tactic, Dr drawal. Schein's seventh, is called using if the

sequence of apparently selfcontained parts.

The ninth ploy is research.

It consists in setting up a study of one's proposed scheme to produce "hard data" which, whenever practicable, should

be true. Either way, discussion of the data with other people should always be introduced with the words: "Well, here is the evidence. I am not inclined to believe all of it myself. But we cannot just ignore it I

has brilliantly politicked a pet scheme through to 'approval will suddenly be faced with strong competition from someone else to take the project over. In that case Dr Schein thinks it may be best to use the last of her tactics-with-



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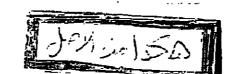
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Property | Property | Property | Property | Property | Property | Property | Property | Property | Pro Finance, Land, etc TRUSTS, FINANCE, LAND Stack Price of LAN Law Linvestment Trusts 91 | 128 | 11 | 128 | 128 | 11 | 128 | 129 | 11 | 128 | 129 | 11 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 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Financial Times Monday September 30 1985

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INTERNATIONAL APPOINTMENTS

Management changes at American Brands

BY PHILLIP HALLIDAY

AMERICAN BRANDS, the U.S. tobacco and packaged goods group, is to restructure its management from January 1 1986.

Mr Arnold Henson, senior vice-president and chief counsel, will succeed Mr Alley, Mr Paul will succeed Mr Alley, Mr Paul wing plan.

Mr William J. Alley, executive vice-president and chief financial officer, is to become vice-chairman. In this new position Mr Alley will dictate group

Mr Alley, who has been a dent and chief counsel.

director of American Brands Mr Robert J. Rukeyser, vicesince 1979, will continue as president, public affairs, will
president and chief executive become vice-president, office pro-

Mr Arnold Henson, senior vice-president and chief counsel, will succeed Mr Alley. Mr Paul Randour, a partner in the law firm Chadbourn, Parke, White-side and Wolff, where he handled the affairs of American Brands, will become senior vice-prese will become senior vice-presi-

Under the terms of the plan, which is subject to stockholders' approval in December, American Brands is to become a holding company and all its operating units, among them Gallaber, the LIK cignette producer are to UK cigarette producer, are to become subsidiaries operating as autonomous units.

Enagas names new chairman

ONE of the Spanish negotiating team which settled the terms for next year's EEC entry, Sr Juan Badosa, has been named to take natural gas imports earlier this sr Badosa previously held a sadosa, has been named to take over the chairmanship of the national gas company Enagas.

Sr Badosa, 40, was up to now director-general for trade policy at the economy and finance ministry. Besides the ECC talks,

Sr Badosa previously held Research post at the Ministry of Commerce and worked at the Spanish embassy in Warsaw during the last centrist adminis-

UAL in moves to strengthen management

By Our Financial Staff

UAL, the parent of United Alr-lines, the largest U.S. carrier, has made changes to its management structure.

Mr James Hartigan, president of United Alrlines, will take the additional post of chief executive officer. M rHartigan will be in charge of the airline's day-to-day operations and oversee the pro-posed merger with Pan Am's Pacific operations. Department of Transportation approval for the merger is expected by the end of October, the company

Mr John Cowan, executive vicepresident of finance for United
Airlines, will become chief financlai officer and vice-chairman of
UAL. The post of chief financial
officer is a new one.

Mr Richard J. Ferris remains

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chairman of United Airlines and chairman, chief executive officer and president of UAL.

Mr Frank Qlson, chairman and chief executive officer of Hertz Corporation, the car rental agency acquired by UAL in August, will become a director of UAL.

Henry Slack named as new president at Minorco

BY OUR FINANCIAL STAFF

MINERALS AND RESOURCES CORPORATION (MINORCO), the Bermuda-based international investment group controlled by South Africa's Anglo American Corporation and De Beers Con-solidated Mines, has named Mr

solidated mines, has handed Mr
Henry R. Slack president.
Mr Slack, who has been a
director of Minorco since 1981,
succeeds Mr H. Rouald Fraser
who is retiring. Mr Fraser will
continue as a director

* * * *

executive directors to the board.

Mr Bill Widerberg has been appointed executive director to head brewing division, which will consist of the new brewing acquisition Cartlemaine Tooheys well as the existing Perth-Mr Peter Lucas has been appointed executive director to

** * * from California.

EASTERN AIRLINES, the Miami-based carrier, has named Mr Joseph B. Leonard president and chief operating officer.

from California.

Mr Bowers said he expected to announce further management restructuring by the end of October.

Mr Leonard, who was executive vice-president and general manager, succeeds Mr Frank Borman. Mr Borman will con-tinue as chairman and chief executive officer.

Mr Leonard and Mr Wayne A. Yeoman, a senior vice-president, have joined the board of Eastern They replace Mr Eastern They replace Mr Russell L. Ray and Mr Morton Ehrlich who resigned in July.

SYNTEX, the California-based health - care company, has appointed Mr Albert Bowers president and chief operating officer. Mr Bowers, who is chairman and chief executive officer, will succeed Mr Richard

Baschnagel announces retirement

By John Wicks in Zurich

MR HUBERT BASCHNAGEL, head of the foreign exchange, precious-metal and moneymarket division of Swiss Bank Corporation, is to retire for health reasons at the end of next March. He has been with the Basle-based bank for 36 years, eight of them as a senior vice-president and five as a member of the executive board. With a view to taking over Mr Baschnagel's position in Zurich, Mr Ulrich Leber is to be transferred there as a central manager at the start of January. He will himself be replaced as manager of the Geneva branch by Mr Charles Joerg.

New general manager at Sulzer

By Our Financial Staff
MR RICHARD BURGER, currently head of pumps division
of Sulzer group, the Swiss-based
engineering company, is next May to be made a general manager of the Swiss parent company Sulzer Brothers and a member of the group manage-ment committee.

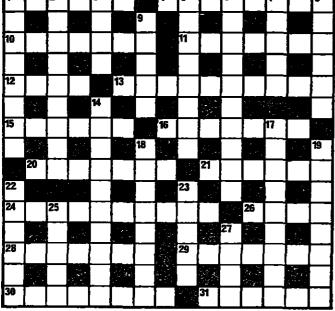
At the same time, Mr Burger will be given responsibility for the group's corporate develop-ment division. His membership of the management committee marks an up-grading of this divsion, which will steer divsion, which will steer research and development work, as well as such other activities as robot systems and surface technology.

Mr Burger will himself be succeeded in the pumps division by Mr Juerg Heyer, while Dr Viktor Beglinger will be made head of the heating and airconditioning division.

Nordfinanz chooses new head

MR KURT SCHILTKNECHT formerly chief economist of the Swiss National Bank, is to become the new head of the management committee of Nordinanz-Bank, the Zurich bank controlled by Kansallis-Osake-Pankki, Finland's leading commercial bank. Mr Schiltknecht will succeed Mr commercial Bengt Uggla, who is to retire from the top executive position. Mr Schiltknecht joined Nordfinanz-Bank this March.

F.T. CROSSWORD PUZZLE No. 5,834



- **ACROSS** 1 Urge on visibly—if audibly
- 4 Seen through a glass lightly?
- 10 Complicated counter beat
- 11 Run into some of the defence (7) 12 Lean Lothario? (4)
- 13 His success is proved by capital gains (4-6)
- 15 Sorted out and put away (6) 16 Seek lad out in Scots valley
- 20 It results in a free kick for
- accommodation (10) (8)
 A near-sighted gathering 22 Where T. comes for pudding
- atcher not yet used in the plant (7)
- 30 Rome's incorrectly placed in 31 Ridiculed for being poorly

- 2 Putting in time at this is 3 A picking-up point (4)
- 5 One who takes off from Port Said (8) 6 How Italian and German
- cipher directions become insecure (4, 6) 7 Respond to a trace difference (5)
- 8 Money boxes? (6) 9 Not so many, we infer (5) Our respect will be mis-placed for such an oppressor 14
- the away team (7)

 21 In opera Eugene shows sin
 18 It may be regarded as a form of curiosity (3, 5) gular spirit (6) form of curiosity (3, 5)

 24 Divine, the French crew's 19 Introduced the new resident
- 23 Treacle pudding for a tragic 23 A wedge shot that doesn't girl (7) go straight (5) 25 Rhubarb he planted in a strange setting (5) 27 Mount hotly-tipped, doesn't
- always run (4) dressed (6)

 DOWN

 1 It could be simple curiosity

 The solution to last Saturday's prize puzzle will be published with names of winners next Saturday.

FINANCIAL TIMES is proposing to publish a Survey on the

UK BUILDING INDUSTRY

on Thursday, November 7 1985 Advertising copy date for this Survey is Thursday, October 24 1985 For further information please contact:

Advertisement Department Financial Times, Bracken House 10 Cannon Street, London ECAP 4BY Tel: 01-248 8000 Ext. 4148

UK APPOINTMENTS Distillers makes changes

Mr J. D. S. Purves has been appointed to the board of THE DISTILLERS COMPANY from October 1 and will assume responsibility for personnel, health and safety, and legal services.

Mr D. A. Connell managing director of Save & man

director of John Walker and Sons, will succeed Mr P. N. Whitley, a main board marketing director, on his retirement in September 1986. Mr I. H. Ross will oin John Walker and Sons on January 1, 1986 and will sucon January 1, 1986 and will succeed Mr Connell as managing director. On November 1 Mr appointed deputy chairman of P. L. Gillon, a director of John Walker and Sons, will succeed BRITISH GAS CORPORATION. Mr D. W. Small as managing director of John Dewar and Sons. rently director of engineering Mr C. N. Younghusband, managing director of James Ruchanan and Co will retire in SHANKS & McEWAN (CON-Buchanan and Co, will retire in April 1986 and will be succeeded by Mr A. B. Oscroft, currently a director of John Walker and Sons. From January 1 1986, Mr J. McCormack will become managing director of Macdonald Greenless, in succession to Mr at BSC Clydesdale Works; and Ross. Mr McCormack is at present managing director of J. and G. Stewart and will be succeeded by Mr L E. Read of Low, Robertson and Co.

1979. is retiring. Mr Paul Fox, managing director of Yorkshire Television, has accepted the Society's offer to succeed him. Mr Roberto Segre has been

appointed managing director of TABS, a microcomputer chain. From October 1, Dr H. A. From October 1, Dr H. A. Klein Haneveld has been appointed a director of TOUCHE, REMNANT & CO and investment director for Touche Remnant. He is deputy investment manager of Shell Pension Funds. The Hague. Total funds under management from Holland are about 13hm.

Mr Miles Templeman has been mr mass rempiedan has been appointed managing director of THRESHER WINE MER-CHANTS from the end of September. He succeeds Mr Law Parkes who for personal reasons has asked to retire a year early. Before joining Thresher in June of dealthy managing director. as deputy managing director with responsibilities for sales, marketing and personnel, Mr Templeman was director of marketing for Levi Strauss. Mr Parkes is to remain a non-executive director, and as a director of Whitbread retail divi-

sion until his normal retirement date. The ENGLISH ASSOCIATION
TRUST, which carries out merchant banking activities, has
appointed Mr John Gilmour,
foreign exchange: Mr Michael
Ranson, export finance, and Mr
Nick Sabin, banking services, as
directors.

BRITANNIA INVESTMENT SERVICES has appointed Mr Paul Field as managing director of a new subsidiary, Britannia

Mr D. A. Counell, managing of investment at Cornhill Insurance, has been appointed manag-ing director of Britannia institu-tional Fund Management. Mr International Asset Management.

Mr Bernard Heywood has been

SHANKS & McEWAN (CONTRACTORS) has appointed three Mr Alex Easton becomes con-tracts director.

PICTET ASSET MANAGE-MENT UK has appointed Mr Pierre Jolliet as its managing director. The appointment fol-Sir Huw Wheldon, who has director. The appointment for been president of the ROYAL lows the return to Pictet Et C TELEVISION SOCIETY since in Geneva of Mr Jean Pilloud. lows the return to Pictet Et Cie

*
Mr Alan Gordon Walker has been appointed a director of HODDER & STOUGHTON HOLDINGS from October 1. He remains managing director of Hodder & Stoughton Paperbacks Mr T. J. Nardecchia has been

appointed an additional director of WARNFORD INVESTMENTS. Mr John Perkins, commercial director, will head the CAD-BURY TYPHOO foods business centre, and Mr Paul Sands per-sonnel director, becomes the new sales director of Cadbury Typhoo.

Mr Alan Charlesworth, managaging director of Mintel Publica-tions, market research analyst. has been appointed to the board of its parent company, the KAE GROUP. Mrs Bridget Garnett and Mrs Jamet Gilkes have been appointed directors of Mintel Publications.

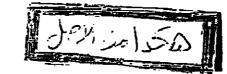
Mr Michael Chapman, pre-viously an assistant general manager, corporate finance divi-sion, MIDLAND BANK, has been appointed a general manager, group risk management. He succeeds Mr Michael Wallis, who is retiring.

Mr Barry Spencer, controller of sales at Thames Television, is leaving the company to become new business director at media buying agency. ALL MEDIA SERVICES, from October 1.

Mr Peter Johnston has been Mr Peter Johnston has been appointed general manager, property, at the CORPORATION OF LLOYD'S. He was previously in managerial positions at both Sun Alliance Insurance Group and MEPC.

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WORLD STOCK MARKETS

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Scandinavian Finance B.V.

AND STREET, AND ST

£20,000,000

Sterling Floating Rate Notes 1990 Guaranteed on a subordinated basis by

Scandinavian Bank Limited (Incorporated in Great Britain with limited liability) For the three months

27th September, 1985 to 27th December, 1985 In accordance with the provisions of Notes, notice is hereby given that the rate of interest has been fixed at 1113/16 per cent and that the interest payable on the

ant interest payment date, 27th December, 1985 against Coupon No. 22 will be £29-45.

Agent Bank: Morgan Guaranty Trust Company



Carroll McEntee & McGinley incorporated Money Market Division

> would like to announce that we will be qualing Euro Dollar C.D. rates effective October 1, 1985 from our Landon office.

Contact Haris Mateides. V.P. at 01-588-2075 55 Moorgate Street, Landon EC2R 68H

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Floating Rate Notes due 1988 NOTICE IS HEREBY GIVEN that in accordance with condition "Redemption and purchase" of the berms and conditions of the Notes. Banque Francaise du Commerce Eater eur has elected to redeem all of the lissue on the next interest payment date fairing on October 50, 1985. The Notes will be redeemed at parville. On October 50, 1985 the Notes will be decreted increase. The Notes will be redeemed at particular to the Notes will be redeemed at particular to the Notes will be redeemed at particular to the Notes will be redeemed at particular to the Notes will be redeemed and surrendar boather with all appurtenant condons, maturing after the date band for redemption at the

BANQUE GENERALE DU LUXEMBOURG S.A. INQUE GENERALE DU LUXEMBOURG S.A.

Rue Aldringen. Luxembourg.

MITOMO FINANCE (ASIA) LIMITED.

10. Connaught Certor. 1 Cornaught Place. Hong Kong.

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1, Boulevard Royal, Luxembourg-ville. Company.

ANUFACTURERS HANOVER TRUST V. 1002.

NOCUE FRANCAISE DU COMMERCE EXTERIEUR,

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7 30, 1985. BANQUE GENERALE DU LUXEMBOURG—SOCIETE ANONYME Fiscal Agent on behalf of BANQUE FRANCAISE DU COMMÈRCE EXTERIEUR

INVESTMENT & EXPATRIATE

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FINANCIAL FUTURES

Close High Low Prev 89.33 89.36 89.2 89.39 89.66 89.67 89.63 89.70 89.62 89.65 89.61 89.80 89.58 89.61 89.80 89.63 89.58 89.60 89.60 89.63 70 June 2.917 (2.879) us day's opon int. 6,591 (6,079)

LONDON

THREE-MONTH EURODOLLAR \$1a points of 100%

STERLING £25,000 \$ per £

DEUTSCHE MARKS DM125,000 \$ per DM

LONDON
Bese rates
7 day interbank
5mth interbank
Treasury Bill Tender
Band 1 Bills
Band 2 Bills
Band 2 Bills
Band 4 Bills
Band 4 Bills

BRUSSELS One month Three month

Dec 0.4684 — 0.464 Merch 0.4624 — 0.45 Est. Volume nil (7) Previous day's open int. 117 (114)

JAPANESE YEN Y12.5m \$ per Y100

8% \$100,000 32nds of 100%

U.S. TREASURY BONDS

62-16 67-29 U.S. TREASURY BILLS (IMM) Sim points of 100%

91.47 91.47 91.19 — 90.94 — 91.79 91.79

Sept 92.15 92.15 92.31 Dec 92.05 92.10 92.04 92.19 June 91.24 91.27 91.38

THREE-MONTH EURODOLLAR (IMM) Sim points of 100%

Sept. 27 chang

CERT, DEPOSIT (IMM) \$1m points of 100%

Low	Prev	Dec	75-21
89.2	89.39	March	74-18
89.61	89.66	89.60	89.63
89.60	89.63	CHICAGO	

June Sept

WEEKLY CHANGE IN WORLD INTEREST RATES

FRANKFURT

MILAN

Close High Low Pre-Dec 75-21 76-92 75-07 75-2 March 74-18 - 74-2 Est. Viums 2,781 (3,693) Previous dey's open int. 2,786 (2,818)

FIDELITY WORLD FUND

Société d'Investissement à Capital Variable 37, rue Notre-Dame, Luxembourg R.C, Luxembourg B 9497

DIVIDEND NOTICE

A dividend of US\$0.40 per share will be paid on or after 21st October, 1985 to Shareholders of record on 1st October, 1985, against surrender of coupon No. 10. By order of the Board of Directors

Paying Agent: Bank Julius Bar and Company Limited Bahnhoistrasse 36 8022 Zurich Switzerland

Fidelity International

B.A.I.I. FINANCE

COMPANY N.V.

US\$50,000,000

Floating Rate Notes 1983-1991

The rate of interest applicable to the interest period from September 30, 1985 up to March 27, 1986 as determined by the reference agent is 8½, per cent per annum namely US\$200.59 per note of US\$5,000.

Morgan House, 1 Angel Court, London. 82 Frankrijkiel, Antworp.

at the designated rate less app distribution is in respect of the quarterly dividend payable on the 1 shares P.V. \$2.50 J. P. Morgan supparty Incorporated on the 15th 1985.

Personal

FACT

IT CAN LEAD TO BLOOD YESSEL DAMAGE Particularly to the eyes. kidneys and limbs

DIABETES JOIN THE BDA AND SEND ME A DONATION TODAY

Havy J. Cruk BRITISH DIABETIC **ASSOCIATION** Anne St. London W1M CBD

Public Notices THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION P.I.C. 3½% Debenture Stock, 1963-93 13% Debenture Stock, 1997-99

Notice is hereby given that the Registers of the Corporation's above mentioned Debenture Stocks will be closed for transfer and registration from 18th to 31st October 1995, both days inclusive. By Order of the Board
H. J. McTurk
Secretary 48 Palmerston Place Edinburgh EH12 58R 30th September 1985

Clubs

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_£25 (100 c pr	er E	Eurode	ilar Fu	ıbre	

Louisa Powell of LIFFE on 97-523 9444 LIFFE, ROYAL EXCHANGE, LONDON EC3V 3PJ

Threats enough to hit dollar

CURRENCIES, MONEY and CAPITAL MARKETS

Close High Low Prev 0.4585 0.4610 0.4545 0.4546 0.4604 — 0.4585 Central banks were able to fiex their muscles last week, and frighten the foreign exchange market into a sharp fall in the dollar, without too much effort. When the Group of Five finance ministers met on September 22, and pledged themselves to a fall in the value of the dollar, the market was already thinking along similar lines.

U.S. economic figures the previous week had tended to disappoint, and the 2.8 per cent rise in third-quarter gross national product, according to the fish estimate, was well below forecasts of around 3.5 per definite the must obvious presence in fell 5½ pfennigs to DM 2.8440, and according to to DM 2.7315 on Monday.

Also on Monday the dollar rathe in the near future of after the Bundesbank intervention, but time since February 20.

This fall of about 20 pfennigs in two trading days was not the result of intervention, but the flash estimate, was well below forecasts of around 3.5 per Close Nigh Low Prev 128.05 128.40 127.80 127.60 129.00 129.40 128.90 128.55 Volume 207 (783) ous day's open int. 1,753 (1,706)

FOREIGN EXCHANGES

low forecasts of around 3.5 per dollar down by 30 pfennigs in two weeks without appearing to The G5 declaration therefore do anything except sell a rela-coincided with a possible peak-ing of the dollar exchange rate.
On the Friday when the GNP

The Bank of Japan showed

POUND SPOT-FORWARD AGAINST POUND

Sept 27	Day's spread	Close	One month	% p.s.	Three months	%. p.e.
υ.s.	1,3980-1,4214	1,4080-1,4070	0.46-0.43c pm	3.80	1,17-1,12pm	3.26
Canada	1.9103-1.9310	1.9180-1.9280	0.65-0.46c om		1,28-1,14pm	
Nathind.	4.204-4.274	4-244-4.254	24-2c pm		6-5 ⁷ epm	5.59
Belgium	75.76-76.97	76.55-76.65	24-17c pm		46-35pm	2.11
Denmark	13.63 - 13.85 -	13.70-13.80	41-31-ore one		101 ₄ -91 ₅ pm	2.82
Ireland	1.2121-1.2346	1.2203-1.2213	0.25-0.10pm	1.72	0.60-0.28pm	1.44
W. Ger.	3.781-3.791	3.764-3.774	24-24pt pm	7.37	8°-8°-550	6.83
Portugal	2321 2391	2321-237	65c pm-285dis		320-12704	-13.60
Spain	2281-232	229-230	5c pm-45dis		80-202dis	-2.48
Itely	25251,-25621,	25441-25451-	par-4lire dis		10-14dis	-1,89
Norway	17.15%-17.29%	11.211-11.224	1-12-ore die		21-37-dia	-1.18
France	11.404-17.584	11.50-11.51	4-14c pm		17	0.36
Sweden	11.253-11.405	11,328-11.33%	21-31-ore dis		11-12 dis	-4.70
Japan	3051-313	3061-3074	1.40-1.31y pm	5 27	3.86-3.73pm	
	26.27-26.66	26.36-25.46	16%-15gro pm		413-373-pm	5.97
Austria Switz.	3.05%-3.11	3.08-3.09	2-1% c pm		53-52pm	6.81

elgian rate is for convertible fraces. Financial franc 76.60-76.70. iz-month forward dollar 1.91-1.88c pm, 12-month 2.95-2.80c pm.

OTHER CURRENCIES

		1	1	!	£
Sept	27	£	8	_	Note Rates
Australia Brazil Grus Finland M Breek Dra fongkong ran Rial CuwaltDin Luxembot	Dollar zeiro arkka ichma Dollar nar(KD)	1.9640-1.9680 10,887-10,967 8.0675 8,1005 183.00-186,90 10,9260-10,9858 120,504 0 4180-0,4190 78.55-78,65	1,4026-1,4065 7,760-7,800 5,7430-5,7480 129,20-131,90 7,7725-7,7826 89,10* 0,29715-0,29785 54,40-84,50	Austria Belgium Denmark France Germany Italy Japan Notherlands Norway	3,72-3,76 2530-2575 308-311 4,19-4,23 11,19-11,30
lewžeata Saudi Arai Singapore Ith Africa	nd Dir. Dollar Dollar Titand	2 5760 2 5860 5,1385-5,1395 5,0080-3,0580 3,5416-3,5595	1,8350 1,8415 3,6507-3,6518 2,1400-2,1600 2,5125-2,5255	Portugai Spain Sweden Switzeriand United States Yugoslavia	1.39-1.41

Rend Financial rate: 2.7780-2.8570 (\$) and 3.9155-4.0270 (£)

EMS EUROPEAN CURRENCY UNIT RATES Belgian Franc ... Danish Krona ... German D-mark Franch Franc ... Dutch Guilder...

+0.14 --0.91 --1.18 --1.62 --1.14 --1.22 --1.76 +0.89 -0.16 -0.43 -0.87 -0.39 -0.47 -1.61 ±1.5426 ±1.6421 ±1.1465 ±1.3684 ±1.5162 ±1.6673 ±4.0886 8.12857 2.23540 6.86402 2.52206 0.724578 1520.60 2.21191 6.75269 2.49336 0.715718 1493.96 Changes are for Ecu, therefore por week currency. Adjustment calcula

Sterling's performance was the major surprise. The pound was fairly steady at around \$1.40, but weakened sharply against Continental currencies and the yen.

£ IN NEW YORK Sept. 27 | Prev. close

EMS changes The Belgian franc lost ground within the EMS last week and the Belgian central bank interthe Belgian central bank intervened in currency markets to lend support. Pressure on the franc developed as the D-mark rose sharply against the dollar, following the five-nation agreement to reduce the value of the dollar.

FORWARD RATES AGAINST STERLING 1.4065 3.7675 11.5050 3.0850 307.25

BANK OF ENGLAND TREASURY BILL TENDER Sept 27 . Sept 30

um whed bid.... £97,25° 76% + 92-day bills £97.225.

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Sept 27	Day's spread	Ciota	One month	7. p.a.	Tipres months	p.
UK† Ireland† Canada NethInd. Belgium Danmark W. Ger. Portugal Spala Italy Norway France Sweden Japan Austria Switz.	7.38901.4215 1.1500-1.1622 1.38001.3670 2.8940-3.0270 53.96-54.50 9.88-9.774 2.6550-2.8960 157-170 152-52-164.10 1796-1812 7.83-8.00\ 8.111-8.197 217.50-221-60 18.67-18.87 2.1750-221-60	1,4080-1,4070 1,1520-1,1550 1,3842-1,3852 1,0195-3,0205 54,40-54,50 9,74-8-7,74; 2,5780-2,5780 187-188 183-15-163,85 1809-1810 7,974-7,97% 8,172-8,184 2,067-8,06 218,40-218,50 18,72-18,32	0.45-0.43c pm 0.23-0.15c pm 0.08-0.09c dis 0.85-0.55c pm 2-3c dis par-jore dis 0.81-0.78pf pm 55-25c dis 55-75c dis 7-8 irre dis 21-3-per dis 0.23-0.25y pm 9-4-9pro pm	2.08 -0.68 -0.56 -0.31 -0.33 -0.76 -4.99 -2.39 -7.46 3.27	7.17-1.12pm 0.65-6.46pm 0.23-0.28pm 0.23-0.28pm 17.1.74pm 11.13dis 1-1.13dis	-16.1 -6.1 -4.1 -2.1 -7.1 1.1
+ UK	and Ireland a	re cruoted in t	J.S. Currency.	Forward	is smylmenq	ed

discounts apply to the U.S. dollar and not to the todividual current Beiglan rate is for conventible france. Financial franc 54.45-54.55.

CURRENCY RATES CURRENCY MOVEMENTS

Span'h Ptz. 172,600 | 155, Swedish K. 101; MA 5.67 Swiest Fr. 4 123, 774 | 156, Greek Or'ch 301s, 7/A 108, Irish Punt 181; 0,912348 0,715

EXCHANGE CROSS RATES

Sept, 27	Pound Stiling	U.S. Dollar	Deutschemk	J'panese Yen	FrenchFranc	Swiss Franc	Dutch Galld	Italian Lira	Canada Dollar	Belgian Fr
Pound Sterling	0.711	1.407	5.768	307.3	11.51	5.085	4,248	2545.	1 925	76.50
U.S. Dollar		1.	2,679	218.5	8,180	2.193	3.020	1810.	1 367	54,45
Deutschemark	0.265	0.373	12,26	81.55	3,054	0.819	I.127	675.5	0.510	20,33
Japanese Yen 1,000	3,266	4,578		1000,	37,45	10.04	13.82	8283.	6.259	249.5
French Franc 10	0,869	1,223	3,275	267,1	10.	2,681	3,692	2212	1 671	56,58
Swiss Franc	0,324	0,456	1,221	99,59	3.729	1, j	1,577	825.0	0 623	24,83
Outoh Guilder Italian Lira 1,000	0.235 0.393	0.531 0.553	0,887 1,480	72.54 120.7	2.709 4.521	0.726 1.812	1.669	599,2	0.453 0.756	18,03 30,10
Canadian Dollar	0.520	0.731	1.959	159.8	5,983	1.604	2,209	1323.	2,510	39,83
Belgian Franc 100	1.305	1,836	4.918	401.1	15,02	4.027	. 5,546	3322.		100,

EURO-CURRENCY INTEREST RATES (Market closing rates)

i												
Sept, 27	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	italian Lira	Belgies Conv.	Franc Fin.	Yen	Danis Kron
Short-term	1159-1118 11 18 -118 1118-1114	74, 778 712 713 713 915 815 816 815 816 815 816	7.71g 754-8 814-81g 81g-854 9 914	516 578 516 518 516 518 516 518 516 518	70 78 212 214 434 415 416 414 456 414 456 414	43.5 41.48 43.41 41.48 46.43 41.48	94-94 94-94 94-10 95:97 114-114	6-8 1819-1419 1834 1339 13-1319 13-1519 1358 14	545-515 512-9 512-9 9-94 914-912 912-918	814 834 834 9 834 9 834 966 834 966	54-618 62-612 63-613 64-613 64-614 63-63	8-94 84-94 84-94 9-94 8-3-81

MONEY MARKETS

London nervous about sterling

expectations of lower interest rates, after the finance mini-sters of the leading industrial nations had committed them-selves to establishing a weaker

nng interbank fell to about 111 ber cent, but any hopes that this would lead to a cut in clearing bank base rates were soon

UK clearing banks base lending rate 11‡ per cent since July 30.

dashed as sterling failed to appreciate against a weaker dollar on the foreign exchanges. Three-month money finished the week at 11½ per cent, in line with the present level of base

FT LONDON INTERBANK FIXING

(11.00 a.m. Sept. 27)

bid 8 .	offer 8 1/s
Six manths	U.S. dollars
id 8 1/8	 offer 8 1/4

Interest rates were little rates, as the market realised changed on the London money the Bank of England would regarded as particularly relected a

. 特達動

MONEY RATES		· •		•				
Sept. 27	Frankfurt	Paris	Zurioh	Amat'dam	Tokyo	Milan 1	Brussels	Dublin
vernight wo Month wo Months hree Months k Months k Months didness	4.74.8 4.56 4.65 4.64.7 4.64.7 4.664.80	95g 95g-91g 95g-95g 91g-95g 91g-95g	7g-11g 45g-41g 4g-41g	516-514 516-534 516-518	6.90685 6.59376 6.40685	1419-1419 1879-1414 14-1439	914-946 914-946 914-946	94-10 958-978 93-10 978-1018 1014-1018
ONDON HONEY								

LONDON	MONE	RATE	S	D	scount	Houses	Depos	it and	8111	— Rat
Sept. 27 1986	Sterling Certificate of deposit	interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligiple Bank (Sell)	Fi Tra
Overnight	12:11 11:5 11:5 12:2 11:5 12:2 11:5 10:6 10:1 10:5 10:6 10:5	9-12 1154-12 1156-12 6 11-6-12 6 11-6-11-6 11-6-11-6 11-6-11-6 10-12-11-6	118,-1178 118,-1178 118,-1178 118,-1178 117,-117,-117,-117,-117,-117,-117,-117,	11-124 1154-1219 1179 1134 1169	8-114, 1158-1154 114- 11 1034	114	111111111111111111111111111111111111111	1114	114	131111111111111111111111111111111111111

Nine months One year	.] 107g 1054 <u> </u>	114 114 114 10% 11% 11%	111g 107g	<u> =</u>	<u> </u>	<u> </u>	Ξ_	101
One month. Two months. Three months. Six months. Nine months One year. Two years. Two years. Four years.	117g-116g 116g-114g 115g-114g 114g-11 114-11	Authority Deposits	11½ 115g 115g 11¼ 11¼	of	71g.75g 71g.75g 71g.77g 71g.77g 71g.77g	876-876 846-816 816-816 814-876 878-9	Broker loan Fed funds Fed funds s Treasury B One month	rate
							Three month	-

ECGD Fixed Finance IV: Average rate of Interest period August 7 to September 3 (inclusive): 11.574 per cant. Local authority and finance bouses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 12 per cent. from September 1 1985, London and Scottish Clearing Bank Rates for lending 11th per cant. Bank Deposit Rates for sums at seven days' nodce 6.25-6.625 per cent. (net). Treasury Bills: Average tender rate of discount 11.0085 per cent. Certificates of Tay Deposits (Series 6): Deposits, £100,000 and over held under one-month 11th per cent; one-three months 11th per cent three-six months 11th per cent; six-nins months 11 per cent nine-12 months 11 per cent. Under £100,000 10th per cent from September 24. Deposits held under Series 8 11 per cent. The rate for elideposits withdrawn for cash 7½ per cent.

7.25

Treasury Bonds 9.19 9.46 9.71